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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2331

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ECONOMIC DECLINE SEEN CONTINUING FOR CEMA COUNTRIES

Zurich NEUE ZUERCHER ZEITUNG in German 15 Sep 82 p 11

[Report signed 'oo': "Continuing Downturn in CEMA--Sobering Analysis of Vienna Institute for Economic Comparisons"]

[Text] The poor economic results registered by the CEMA countries during the first 6 months of 1982 show that the sharp decline in growth at the 1980/81 turn of the year was not a short-term drop. As yet, there are no signs of an upswing; the slump has not yet bottomed out. However, there are great differences between the individual communist countries. Only a few Eastern states will be able to meet the targets set for 1982: The current five-year plans (1981-1985) can no longer be fulfilled. In spite of the decline in investments, the Eastern Bloc countries have been able--albeit only on a medium-term basis--to increase basic assets, because the unfinished investment projects are being completed. The energy and raw materials shortage forces the Eastern Bloc states to economize in this sector; the GDR and the CSSR in particular have achieved good results in this respect. On account of the foreign currency deficit, imports from the West must be curtailed. These are the most important results of a round-table discussion with the experts of the Vienna Institute for Economic Comparisons (WIIW).

Plan Targets for the Most Part Unmet

WIIW Director Prof Friedrich Levcik emphasized that only Bulgaria, Hungary and the CSSR are likely to meet the 1982 plan targets. In the GDR and the USSR, on the other hand, there has developed an excessive shortfall vis-a-vis the target set for all of 1982. To be sure, East Berlin drew up an extremely optimistic plan, whereas Budapest and Prague are pursuing an austerity course. As regards Romania, no data are available for the first 6 months, while Bucharest publishes only economic data for the entire year. In Poland--a country for which no plan data are available--the situation remains serious. During the period covered by the report, the decline in industrial production (7.8 percent) was not as great as the decline during the corresponding period of the preceding year (12.5 percent). Thus there is the curious situation that notwithstanding the fact that Poland brings down the overall CEMA results the industrial growth of the "red economic community"--excluding Poland--has been declining this year (see Table). The reduced dynamism in the USSR (the USSR accounts for approximately 70 percent of the CEMA countries' industrial output) likewise slows down considerably the industrial expansion of the Eastern Bloc as a whole.

According to Benedykt Askanas, the growth difficulties in the CEMA states can be attributed to the coincidence of three factors: The low efficiency level of the economic system, an unfavorable foreign trade situation, and structural problems. An upswing is not to be expected, because there are no signs of improvement in regard to efficiency. According to Askanas, efficiency is unlikely to improve without economic reforms. But the economic situation is equally bad in the West and this is a factor contributing to the slump in the CEMA states.

According to Levcik, reestablishment of the foreign economic equilibrium is of crucial importance for the CEMA member states. This goes also for the structural shift to less energy- and raw material-intensive branches, for the lack of input has of late been slowing the economic dynamism. In the past, economic growth was advanced above all by material-intensive industrial branches (basic and chemical industries). In the USSR, which is rich in energy and raw materials, conditions differ from those of the small CEMA states.

Dr Raimund Dietz takes the view that attention should be directed not only to economic growth, but also to the supply of the population. He stated that the West had demonstrated to the Eastern countries that it was possible--even in the face of reduced economic dynamism--to insure full stores, if not full employment. However, the foreign trade expert of Austria's Economic Research Institute, Dr Jan Stankovsky, emphasizes that in this respect, too, there are great differences between the individual CEMA countries: He points out that even though the CSSR and Hungary show low growth rates, the supply situation in Hungary is incomparably better than that of the CSSR and even that of the GDR, even though this country has the highest living standard in CEMA.

Catastrophic Development in the Investment Sector

In the first 6 months of 1982, the development in the investment sector was catastrophic: In the CSSR, investments declined by 2.4 percent; in the GDR, by 6 percent; in Hungary, by 0.5 percent; and in Poland, by 28 percent. Only in the USSR did investments increase, but it was only a modest 2-percent increase, whereas in the first 6 months of 1981 a 4-percent gain was registered. This was the lowest gain since World War II. The GDR registered an investment decline--the first in the history of the country. While it is true that the CEMA states' basic assets are still increasing, this is only because the unfinished investment projects are being completed.

Moreover, Stankovsky emphasizes that this year the Eastern Bloc states will try to curtail their imports from the West and to stimulate their exports; however, on account of the global economic slump, this is likely to be extremely difficult. Besides, the USSR will be negatively affected by the low oil prices. Consequently, the CEMA states' balance of trade with the West is not likely to improve this year.

As regards economic conditions, there are great differences between the individual CEMA states. The GDR has been hesitating for a long time to join the austerity policy pursued by the CSSR and Hungary. External circumstances are presently forcing East Berlin to change its objectives; since the West does no longer want to participate, the GDR is not given any more loans, and the economic slump in the West likewise has a negative effect on the country. For this reason, East Berlin can no longer maintain the high economic growth rate.

As regards Romania, Gabriele Tuitz holds that after last year's meager 2.1-percent gain the country may this year have to accept a decline in national income. According to Romanian sources, in the first 6 months of 1982 there occurred plan shortfalls that are to be made good in the 2nd half of the year; in the preceding year, the imports from the West declined by 25 percent and this contributed to the negative development in the investment sector. Moreover, the price hikes once again increased the pressure on the living standard.

In Bulgaria, the 4.6-percent gain registered in the industrial sector in the first 6 months is more or less in accord with the plan targets for the entire year; according to Mrs Tuitz, the country's indebtedness vis-a-vis the West is insignificant.

Levcik draws attention to the fact that the GDR and the CSSR in particular have succeeded in mobilizing reserves and curtailing the waste of energy and raw materials. He points out that today production of assets is attained with less input. In the CSSR, for example, structural improvements have been achieved through curtailment of material-intensive branches such as chemistry and metallurgy in promotion of branches such as light industry, machine building, the lumber industry and the cellulose and paper industries. As regards labor productivity, however, the CSSR effected a mere 0.7-percent increase, thus raising the wage costs per unit.

Moreover, the living standard in the CSSR declined; the pertinent data for the first 6 months of 1982 are still unavailable--evidence of the concealment tactics. Data are available only for the retail turnover which showed a 2.5-percent increase (calculated in current prices). Since according to Levcik's calculations the inflation rate amounted to approximately 5.5 percent, the living standard declined accordingly.

For Prague, reestablishment of the foreign economic equilibrium takes absolute priority. However, this equilibrium is likely to be achieved through curtailment of imports rather than through an increase in exports.

In Hungary, it proved impossible to meet the plan provisions and maintain the stability of real wages: In the first 6 months of 1982, the increase in nominal wages (7.5 percent) exceeded that of inflation (5.8 percent). Levcik doubts that a new reform wave would help the problem-ridden Hungarian economy; in his view, aid from the West would be more important under the present conditions. One could argue, however, that in the medium term radical economic reform would improve efficiency, even though this would not eliminate all of the difficulties.

Increase in Poland's Coal Output

In contrast to the other CEMA states, Poland's economic reports hardly conceal anything. The output of the mining industry--which accounts for no more than 4.7 percent of the total industrial production--was increased by 9.5 percent. Coal production increased by 17 percent to 95 million tons. Of this total, 12 million tons--a 39-percent gain--were exported. However, most of these exports went to the East, since many markets in the West have been eliminated. Poland's investment rate declined from 11 percent in the first 6 months of 1981 to 8 percent in the first half of this year, whereas in the mid-1970's it still totaled 30 percent. The total investment volume declined by 28 percent, while investments in the

machine sector decreased by as much as 58 percent. According to Askanas, private consumption declined by 20 percent and real income was reduced by 26 percent. During the period covered by the report, inflation amounted to 104 percent--a rate unprecedented in Europe since World War II.

As regards foreign trade with the West, Poland effected a surplus of approximately $800 million: Imports declined by 42 percent, while exports decreased by 10 percent. As regards the East, Poland showed an even balance resulting from a deficit vis-a-vis Moscow and a--coal-based--surplus vis-a-vis the other East European states. The small CEMA countries had last year's debts made good through coal shipments.

Officially, Poland's indebtedness is reported to amount to $24.5 billion--a $1 billion reduction as compared to the preceding year: The bulk of Warsaw's debt is in West European currencies and since in 1981 the dollar rate consolidated, the indebtedness in dollars was automatically reduced. Askanas calculates, however, that if one disregards the dollar revaluation Poland's debt increased by $1 billion. In 1982, Poland has to make payments in the amount of $7-8 billion and interest payments in the amount of $3-3.5 billion. Since the current-accounts surplus is not expected to exceed $1 billion, Poland will be needing new loans.

Grain from the West as an Emergency Wartime Reserve

Levcik draws attention to the fact that in view of the crop failure Moscow has again ordered in the West huge quantities of grain, a large share of which will be used to top off the strategic reserve. According to Levcik, this demonstrates the two-faced nature of the United States' policy: The grain used as an emergency reserve for war is supplied by the United States, but the U.S. administration holds that the West Europeans should not participate in the construction of the natural gas pipeline in the USSR. Stankovsky on his part feels that a grain embargo is pointless, because it is impossible to prevent grain exports from third countries to the USSR. He points out that during the American embargo Argentina's grain exports to India were redirected to the USSR, with the Americans supplying the Indian market. Thus the Soviets obtained their grain after all, albeit at a slightly higher price.

Levcik warns against drawing an overly pessimistic scenario for the economies of the communist countries. He points out that as early as the first half of the 1980's the CEMA states experienced a slump and subsequently, in the second half of the same decade, another upswing. One should not forget, says Levcik, that planned economies, too, may undergo cyclical developments and that a new Soviet leadership may try to gain recognition through a new economic program. Askanas counters by pointing out that Khrushchev, too, tried to effect a recovery through a new economic policy, but that this attempt ultimately proved a failure. At any rate, the development in the Soviet Union is of crucial importance for the entire CEMA area. Without global economic recovery and without economic reforms, an upswing in the East is not likely to happen.

Table. Gross Industrial Production

Bruttoindustrieproduktion

		1980	1981	(10) (Jährliche Veränderung in %) 1981–1985 Plan	1982 Plan	1981	(11) 1. Halbjahr	1982
Bulgarien	(1)	3,9	5,6	5,1	4,5	6,0		4,6
CSSR	(2)	4,1	2,0	2,7–3,4	0,6	1,8		1,4
DDR	(3)	4,7	5,1	5,0	4,6	4,6		3,0
Ungarn	(4)	–2,1	2,3	3,5–4,1	2,0–2,5	2,1		2,0
Polen	(5)	–0,2	–11,2	—	—	–12,5		–7,8
Rumänien	(6)	6,6	2,6	7,6	4,7	2,6[1]		4,7[1]
Osteuropa	(7)	2,9	–0,7 (3,5[2])	5,0	3,5	–1,2 (3,3[2])		–0,03 (3,0[2])
UdSSR	(8)	3,5	3,4	4,7	4,7	3,4		2,7
Comecon	(9)	3,3	2,2 (3,4[2])	4,8	4,4	1,8 (3,4[2])		1,9 (2,8[2])

[1] Jahresergebnis 1981; [2] Planzahl, da keine Halbjahresresultate publiziert werden; [3] Ohne Polen.

Key:

1. Bulgaria
2. CSSR
3. GDR
4. Hungary
5. Poland
6. Romania
7. East Europe
8. USSR
9. CEMA
10. Annual changes (%)
11. First 6 months

Footnotes in the Table: 1. Results for 1981. 2. Plan figure, since no semiannual results are published. 3. Excluding Poland.

8760
CSO: 2300/411

ALBANIAN RAILWAY LINK ROUTING CONTESTED

Belgrade NEDELJNE INFORMATIVNE NOVINE in Serbo-Croatian No 1655, 19 Sep 82 pp 20-22

[Article by Zaharije Trnavcevic: "Around or Over the Lake"]

[Text] In a time of frequent tardiness, postponement and irregularity it is not surprising to read a report like this: "Work on construction of the rail line from Titograd to the national border and beyond to Skadar did not begin on 1 July as had been envisaged."

Now that July is long past, it has been shown that that date was adopted without serious examination, in any case regardless of the fact that the master design and project study had to be done first, that bids had to be invited and the contractor with the best bid chosen. These tasks are only now being finished up, they will be completed in the coming weeks, and, as we were told by Ratko Vujnovic, director of the administration for construction of this line, the work will not begin before 1 November, provided, of course, that no unforeseen difficulties arise.

It has thus been confirmed for the umpteenth time that prediction and forecasting are not binding. None of this would be worth mentioning if in the meantime, since the beginning of the summer, serious objections had not been made to the route of the railway line as adopted. There had been objections even earlier, in the design stage, but now they have taken on a somewhat more serious and official form. In the SR [Socialist Republic] Montenegro Assembly Slobodan Mugosha put a question in the Chamber of Associated Labor and called for a response: do the possibilities exist for instituting proceedings to examine the need and conditions for amending the international treaty? If not, why?

Who Gets What From the Rail Line?

The question referred to the treaty signed in Tirana 6 April 1979 between NSR [People's Socialist Republic] Albania and SFR [Socialist Federal Republic] Yugoslavia. That treaty regulated the important issues in building the rail line from Titograd to Skadar. The negotiations began in 1974 and lapsed for a time. As we learn from informed sources, the Albanian negotiations presented a demand that their cars "run" on our lines, that they range over our

territory, mentioning that they do not allow our cars on their territory. Our negotiators could not, of course, accept this situation, which at the least was unusual and in the annals of intergovernmental transportation unheard of. When after a time they realized that they had been asking the impossible, the negotiators from Tirana returned to the bargaining table and accepted the principle of reciprocity, and the treaty was signed.

Construction of the rail line between Titograd and Skadar offers our neighbor an occasion to connect his own modest rail system through the Bar--Belgrade main line, to the European rail system. This solves a crucial problem in the country's transportation and economy and to some extent replaces expensive highway transportation with a cheaper form. For our side, the Yugoslav side, the only gain is increased freight traffic on the Bar--Belgrade line and beyond to the north or west by about 400,000 to 500,000 tons of freight annually.

Under this treaty Yugoslavia has once again demonstrated to the international public its readiness and desire for cooperation with all neighbors regardless of the momentary or lasting level of political relations.

[Box, p 20, middle] How Much Is the Line Costing and Who Is Financing Construction

In May 1982 the SFRY Assembly passed the Law on Furnishing Funds To Finance the Program for Construction of the Yugoslav Portion of the Titograd--Skadar Rail Line.

The law provided capital in the amount of 1,014,414,000 dinars. This amount will be obtained on the basis of the participation of all the republics and provinces, and that in proportion to their share in the nominal social product of the entire economy of Yugoslavia.

Because of inflation and price changes, a commission consisting of representatives of all the republics and provinces has just recently calculated the new amount of capital necessary to build the line.

[Box, p 20, bottom] Lake Skadar

Its area is not always the same. When the water is high, the lake covers an area of 369.72 square kilometers. However, when the water rises in the spring and fall, the level of the lake rises between 2.5 and 3 meters and floods an area of 530 square kilometers. Mountain rivers, the Drim and Kiri, hinder the normal outflow of water with the silt they bring and are raising the bottom of its bed considerably. That is why every year from fall to spring the water level of the lake climbs and the area covered by water increases by nearly 200 square kilometers. Over the last 90 years the water of the lake has taken over more than 20,000 hectares of fertile land.

The Faults of the "Northern" Route ...

Each country has a sovereign right to choose the route on which it will build a line which is part of an intergovernmental transportation route. Each understandably tries to choose the most favorable, and there were no troubles from that standpoint.

Now on the eve of the actual beginning of the work Slobodan Mugosha, a delegate, and also the Institute for Technical Research of Veljko Vlahovic University in Titograd are arguing that the so-called northern version which has been adopted is not the best one.

This is a route which goes from the Titograd railway station toward the town Tuzi, which, then, goes around Lake Skadar on the north. Along that route a tunnel 3,675 meters long is to be cut and bridges built with a total length of 300 meters. The line would cross Cemovsko Polje, where modern vineyards and orchards were established a few years ago. These plantations are the pride of Montenegrin agriculture, since virgin land previously uncultivated has begun to bear abundantly thanks to the application of science and the abundance of sun and water. The rail line is now supposed to cut this fine entity into two parts, to cut through 2.5 km of plantation, inflicting a loss of approximately 100 million dinars on the workers of the 13 July Agricultural Combine in Titograd.

That is why its engineers and workers were the first to react, asking the authorities whether the line to Skadar absolutely had to pass right over the newly established plantations which had only begun to bear. Wasn't there some other alternative? The delegate Slobodan Mugosha works in that combine, and he obviously framed his question on behalf of his comrades.

... And the Advantages of the "Southern" Lake Route

At the time when the surveying and designing began, there was the idea and proposal that the line follow a southern alternative, but, as its originators say today, that proposal was rejected instead of first being examined and refuted with arguments. The fact that there were other directions to take in getting to Skadar, that the line might have been moved a bit further south, along the lake itself and in part even over it, was simply ignored.

Along that southern or, as some refer to it "lake" alternative, the line to Albania would begin at the station Golubovci, and then for a time would run along the line to Bar, but at the stop called Moraca it would turn eastward, running along the northern edge of the lake and reach the connecting point over Podhumski Bay. This route, say the experts of the Institute for Technical Research [ITI], is 6 km shorter; there are no tunnels on it, it would not cause damage on existing structures, and at the same time it would be 50 percent cheaper. Moreover, a great deal of fertile land would also be obtained.

However, this route presupposes that the present level of the water in Lake Skadar drop below an altitude of 6.5 meters above sea level. In that case the embankment for the line would not be very high, it would be safe for

transportation, the area of the lake would be reduced, so that on our side alone about 12,000 hectares of fertile land would be obtained.

The Way the Negotiations Went

Dusan Dragovic is an engineer valued in Titograd as an excellent specialist in building hydraulic engineering structures and in water management. He was a participant in almost all the meetings of the intergovernmental subcommission for Lake Skadar. He issues a caution that the line to Skadar is more important to our neighbor, while lowering the level of Lake Skadar is more important to us. It would be possible, Dragovic said, that these two questions be merged so that the solution of one problem would also resolve the other. The best occasion was at the time when the route of the rail line from Titograd to Skadar was being established. Had we committed ourselves to the southern route, the idea of which was at that time put forth by Dragovic, the Albanian side would have had to accept simultaneous commencement of work on the lake, since it is interested in rail traffic that would cross the lake without hindrance throughout the entire year.

The lowering of the level of Lake Skadar and the partial draining of areas along the shore are an old question. The Yugoslav side has always shown more interest in resolving it. It has been talked about since 1956, but the two countries did not have the same technical solution. The Albanian experts finally came forth with the proposal that the Drim be drawn off by a special canal and its waters drained into the sea or into the Bojana downstream from the lake. That would have prevented its flow into the lake, which began a century ago. This solution is expensive and entails at least 8 years of work.

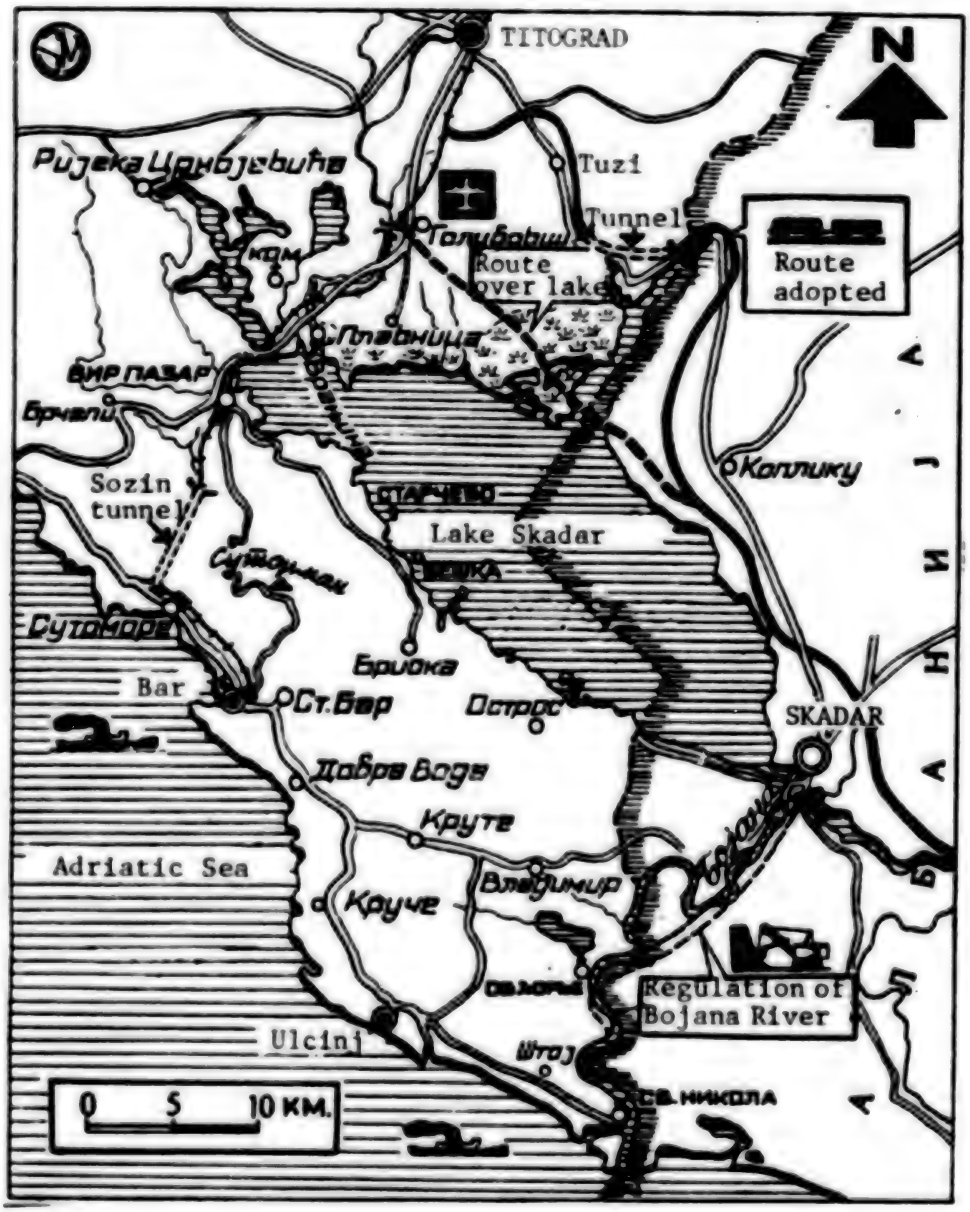
Our specialists propose a simpler way: to broaden the bed of the Bojana and to make it possible for the water to flow from the lake to the sea faster. The water level would drop to the desired altitude, and fertile land would be obtained, its area depending on the level of the lake. That undertaking would require 2 years of work.

Why was this not negotiated?

Engineer Dusan Dragovic believes that the oversight occurred because more extensive consultations were not conducted before and during the negotiations, because a dossier was not prepared that included a water management solution. And that is why not a single specialist in water management was on the negotiating team.

The Scientific Council of the ITI in Titograd, the institute we have mentioned, sent a letter in the first half of August to the Executive Council of the SR Montenegro Assembly. In it it argued that adopting the "lake" version would mean a capital saving of 50 percent, or about 700 million dinars that could be used to commence work on the Bojana. The next 2 billion might be appropriated from the 6 billion which Montenegro intends to commit to development of its agriculture during this medium-term plan. If, then, a third of that capital were to be used for work on the lake, Montenegro's present modest area of plowland would be enlarged by 20 percent. This is a large addition

for this and future generations. Food would be produced on the new land for the tourist zone of the southern Adriatic and surpluses for other domestic and foreign markets. It is estimated that it could employ between 4,000 and 5,000 people, and the annual value of the food produced is estimated at more than 3 billion dinars, which indicates how fast the undertaking would pay itself off.



Is There Time?

All of this is too attractive for this possibility to be simply ignored. Those in authority face a large challenge.

But it can't be overlooked that these reflections come at 5 minutes to midnight, to say the least, if it is not already too late. After all, the work

has all but begun: less than 6 months are left to 31 December 1982, the date when our part of the line is supposed to reach the meeting place.

ITI experts say that there is the time even to prepare the design and to do the research. The master design could be completed before the end of November 1982. Since this route is shorter and there are no tunnels, the construction would also go somewhat faster, so that the line would be ready before the date agreed. To be sure, the work on the Bojana would take longer, but even by November 1984, when the high water begins, the level would be at an altitude where traffic on the line would run no risk.

At this moment our neighbor's view is unknown. Will he go along with our wishes and agree to commencement of the work on the Bojana?

The letter does not mention this, since it is anticipated that the Albanian side would show the same understanding of our interest as Yugoslavia has shown in their interest. Especially since regulation of the Bojana would also give Albania about 2,700 hectares of new land. The Bojana would become navigable to Skadar, and that town would become a lake-maritime port for larger vessels. Finally, as engineer Dragovic says, this undertaking would give the town of Skadar itself 200 hectares of land for construction to accommodate its future development, which is not exactly negligible. He says that the work on the lake and the Bojana could be done in 2 years instead of 8 years, as the specialists from Albania think. The two countries could even hire a crew that would dredge 15 million cubic meters of silt from the river in 1 year. If the Dutch, Dragovic recalls, could dredge 40 million from the mouth of the Rhone into the Mediterranean in 1 year, why should we not be able to do barely one-third as much in the same time?

What Will Be the Outcome

It remains to be seen what will become of all this. The outcome depends first on the view of the Executive Council and of the SR Montenegro Assembly itself. If this view is favorable, if it is judged that there are prospects for building the line according to the new alternative, then the Federal Executive Council would have to seek a renewal of negotiations and understanding on the Albanian side for our aspiration, as was shown by our side toward their vital interest in obtaining a connection to the international rail system over our territory.

The first hint of all that will probably come on 28 September. That is the day scheduled for meetings of all the chambers of the SR Montenegro Assembly. It is possible that a representative of the Executive Council responsible for the question of delegate Slobodan Mugosha will announce whether the initiative has been rejected because it was submitted too late or whether review, negotiations and all the rest will begin.

Only one thing is certain at present: Yugoslavia is not withdrawing from the obligation it has assumed to accommodate the wishes of NSR Albania once again on this occasion.

The rail line to Skadar will be built. It only remains to be seen whether it will go over or around Lake Skadar.

7045
CSO: 2800/8

AGROINDUSTRIAL UNION CHIEF ANALYZES GRAIN PRODUCTION, OUTLINES TASKS

Sofia KOOPERATIVNO SELO in Bulgarian 4 Sep 82 p 2

[Report by Aleksandur Petkov, National Agroindustrial Union Central Council chairman: "Accelerated Grain Production Intensification"]

[Text] Almost 10 farm years have passed since the 12th BCP Congress and the BCP Central Committee and Council of Ministers decree on the development of grain production, and 1 year since the October conference and the BCP Central Committee Politburo decision on accelerating grain production and animal husbandry intensification. This calls for a report on the way we are implementing the instructions of the party and the government on the development of grain production and the new problems and tasks which arise in the implementation of the decisions.

Substantial quality changes in wheat and barley production took place in 1981-1982, which require a more profound study and evaluation of the work, the results and the possibilities of these crops in terms of increasing grain production.

The country at large and most okrugs achieved significant successes in grain production intensification. However, in a number of okrugs, APK [Agroindustrial Complexes] and brigades farming standards were inconsistent with improved material facilities; managing and performing cadres did not prepare themselves for this difficult and responsible project and a production stagnation was noted.

We are in the period of intensive preparations for the autumn sowing, which is of determining importance in terms of the level of yields and wheat and barley production next year. That is why we must make a profound study of the results and, on the basis of scientific data and the experience of the leading okrugs, APK and brigades, to create the necessary conditions and organizations for timely and high quality sowing.

As we know, in most parts of the country the autumn of 1981 was unfavorable in terms of wheat and barley. Many errors in the sowing campaign were made as well. However, thanks to the measures taken by the managements of the okrug BCP committees and the more specific help given by the scientific institutes in terms of accelerating the intensification process as a whole, good wheat and barley results were achieved.

The state assignment was fulfilled 107 percent. The average yield from both crops was about 646 kilograms per decare.

Seven okrugs averaged more than 500 decares from both crops: Tolbukhin, 566 kg; Ruse, 533 kg; Silistra, 517 kg; Sliven, 509 kg; Razgrad, 507 kg; Varna, 503 kg; and Burgas, 502 kg.

The highest absolute grain production growth from both crops, compared with last year, was achieved by Yambol, Burgas, Tolbukhin, Stara Zagora, Khaskovo, Plovdiv, Veliko Turnovo, Varna and Sliven Okrugs.

It would be expedient to indicate briefly the factors which determined to the greatest extent the positive results as well as the poor reaction in this direction in the lagging okrugs, which brought about the stagnation and drop compared to last year.

In this sense, the most outstanding was the systematic work carried out under the guidance of the okrug party committees in implementing the resolutions of the BCP Central Committee on the systematic application of the economic approach and the improvement of the brigade organization of labor. The material incentive and responsibility of management and performing cadres regarding production results increased. Efforts to apply the achievements of scientific and technical progress were made along a wide front.

Based on the results of wheat and barley production in 1982, the okrugs may be broken down into several groups:

The first includes most okrugs in northeastern Bulgaria--Tolbukhin, Ruse, Silistra, Razgrad and Varna. Most of them, for more than 3 years, regardless of fluctuations in natural and weather conditions, are maintaining a stable average wheat yield in excess of 500 kg per decare or, together with barley, over 450 kg per decare. In 1982 very close to this group was Shumen Okrug, which averaged 478 kg for wheat and barley, and Veliko Turnovo group with an average of 470 kg per decare.

While giving proper credit for successes achieved by this group of okrugs, let us point out that their 1982 results are below their possibilities. The growth rates of yields and output are no longer consistent with the high level intensification which has been reached, the developed material and technical base and the favorable soil and weather conditions. The disparity between the average okrug yields in this group is 86 kg per decare; it is 362 kg between APK and 469 between brigades. This indicates the extent of unused possibilities.

Given the possibilities provided by modern intensive technologies, the okrugs should aspire to exceed 600 kg of grain per decare from autumn crops and considerably to expand the areas under them.

The second group includes okrugs in southeastern Bulgaria--Burgas, Yambol and Sliven. We can also include in it Stara Zagora, Khaskovo and Plovdiv Okrugs. Their characteristic feature in their highest production increase and average yields. Particularly noteworthy are Burgas and Yambol Okrugs which fulfilled their annual plans for the production and purchases of bread and feed grain, repaid their loans and created the necessary reserves through wheat and barley alone. Sliven Okrug, which is developing stable autumn grain crop yields, crossed the 500 kg per decare barrier. The results of the autumn crops in Plovdiv and Stara Zagora Okrugs were below their possibilities.

The study indicates that differences in average yields from both crops between individual okrugs in this group ranged from 20 to 70 kg per decare. Differences among APK in the individual okrugs in terms of average yields ranged from 300 to 670 kg and between brigades from 230 to 750 kg per decare. The soil and weather conditions, the existing material and technical facilities and the 1982 results obtained by this group of okrugs constitute a solid base for reaching stable average yields from both crops exceeding 500 kg per decare.

The group which include predominately semimountainous okrugs, such as Turgovishte, Lovech, Sofia, Gabrovo and Pernik, increased their average wheat and barley yields both last and this year. The first two okrugs broke the 400 kg per decare barrier for both crops; Gabrovo exceeded 350 kg while the others remained below the 350 kg per decare mark.

Let us immediately emphasize that most of these okrugs have extensive unused possibilities of increasing grain production by raising average yields and considerably increasing the areas planted in wheat and barley. Differences in yields among APK in the individual okrugs ranged from 200 to 220 kg; between brigades the differences reached 300 or more kg per decare. According to our institutes, the average yield of winter grain crops in such okrugs should be no less than 450-460 kg per decare in Turgovishte and Lovech and 400-420 kg in Gabrovo, Pernik and Sofia Okrugs.

The fourth group includes Vidin, Vratsa, Mikhaylovgrad and Pazardzhik Okrugs. Plevin Okrug may be added to them for 1982. They achieved unsatisfactory wheat and barley production results. Unlike all other areas and okrugs in the country, here average yields remained either the same or, in some cases, even decreased compared with 1981. Average yields of both crops in Vratsa Okrug declined from 405 to 396 kg; average yields in Pazardzhik Okrug were 352 kg, or one of the lowest in the country, while output remained on the 1981 level.

What is the reason for these unsatisfactory results? We know that the relatively less favorable weather conditions this year, particularly in the area of the carbonate chernozem, had a certain adverse influence. However, the main reason does not lie in objective conditions. What is the basis for this conclusion?

According to land assessment data, Pleven Okrug, with an average of 451 kg per decare in autumn crops was fourth ranking and ahead of Ruse, Shumen, Varna,

Burgas, Sliven and other okrugs, whose yields were from 50 to 80 kg higher. In terms of land assessment data Vratsa and Mikhaylovgrad Okrugs are also above average for the country and are among the leading 10 okrugs. Their material and technical support is also good. They were given priority in supplies with plant protection preparations the need for which was almost fully met.

Therefore, we should not seek the reasons for adverse results in poor weather conditions but in the low level of production organization and technology.

What are the more important conclusions which could be drawn from the study of the results of wheat and barley production in 1982 and what targets and assignments could we set ourselves for 1983 and the balance of the five-year plan?

The accuracy of the course charted by the party and the state of accelerated and comprehensive agricultural intensification, above all in grain production, is being indisputably confirmed.

The results also indicate that the main reserve for the successful implementation of the decisions of the 12th BCP Congress is to increase the areas in crops and average autumn grain crop yields, wheat above all. Without allowing any underestimating whatever of corn and the other spring grain crops, under our country's conditions, the quickest and most stable increase in grain production can be achieved through accelerated intensification in wheat and barley production.

Regardless of the good results, we cannot be satisfied with our achievements, not only in the lagging but in the leading okrugs, APK and brigades as well. The substantial disparities and fluctuations in yields and output among individual okrugs, individual APK within a given okrug and brigades within a given APK, most convincingly prove the existence of substantial unused grain production reserves.

All of this enables us to set the task of fulfilling ahead of schedule the decisions of the 12th congress on increasing grain production by reaching the planned 1985 level in 1983.

What are we relying on? We have reached a high level of grain production specialization and concentration in all grain-producing okrugs. This enables us to apply the most advanced production methods and technologies quickly and extensively.

We have a rich biological potential at our disposal. Our selection workers have developed and applied wheat strains which rival the best worldwide models in terms of grain productivity and quality.

A streamlined scientific research and application system has been developed, which includes the Agricultural Academy, the sectorial institutes in General

Toshevo, Karnobat and Sadovo, the N. Pushkarov Institute in Sofia and the application centers of the OAPS [Okrug Agroindustrial Union].

The economic approach and the new brigade organization are being systematically applied. More than 75 percent of the entire grain production is in the hands of the new type brigades which operate on the basis of cost effectiveness and internal cost effectiveness.

Grain production problems are always kept in the focal point of attention not only of agricultural but of all party and state organs and our entire public.

All of this enables us to set as the most important task and undertake the specific ahead of schedule implementation of the resolutions of the 12th party congress in the grain production area.

Basic Directions and Tasks in Ensuring Yields of 500 Kg Per Decare in Wheat and Barley in 1983

The study of the 1982 results indicated that the problem is mainly one of enhancing the role of the subjective factor in ensuring the specific management of a production process from sowing to harvesting in accordance with the biological requirements of the crops and the latest agricultural achievements.

A number of factors determine the implementation of these tasks in grain production. However, we shall discuss only the more important among them.

Improving the Structure and Increasing the Areas Planted in Autumn Grain Crops

The achievements in agricultural science and practice and the developed factors for the accelerated grain production intensification provide conditions for reaching a new solution to problems of the structure and crop rotation in areas under grain crops. We are still slaves of the tradition of alternating crops by growing corn in a number of droughty areas in which wheat and barley grow better. For this reason, we must unhesitatingly resolve the problem of developing the most efficient grain crop structure in our country. The studies and computations made by the National Agroindustrial Union indicate that this very autumn we can expand the areas under wheat and barley. This can be achieved by reducing the size of the land in nonirrigated corn, oats, spring barley and other crops which give lower yields compared with wheat.

We have at our disposal Bulgarian and foreign technologies for the cultivation of wheat and barley, which have been developed and tested. Practical experience indicates that such single crop cultivation should be considered not an emergency or something imposed by circumstances, but an important factor in increasing yields and reducing the cost of grain production. The problem of improving the efficiency of the structure and expanding one-crop growing must not be resolved on the basis of a stereotype or primitively, for surprises in the production process are not excluded should technological requirements be violated.

What should be done? The Agricultural Academy and the scientific institutes in General Toshevo and Karnobat and the OAPS must chart the areas on which wheat and barley will be raised as single crops and adapt developed technologies for the individual okrugs, APK and brigades.

Insufficient work is being done in the area of rapidly coordinating the structure of the areas under crops with the changed circumstances. It was clearly proved that even in the least fertile sectors wheat yields are much higher than oats and spring barley. Although everyone has seen the amount of grain which we could produce on undeveloped and neglected areas no visible changes have been made. What is most alarming is that in many areas efforts are being made to reduce on a planned basis the size of the areas and that estimates are being ignored.

Fuller Use of the Biological Possibilities of the Strains

The record-setting yields obtained from wheat and barley in 1982 in the country, particularly in the leading APK and okrugs, indicate that at the present stage we have highly productive wheat and barley strains with a potential average of 800 to 1,000 kg of grain per decare. Let me discuss briefly the most important practical measures which must be taken in order to ensure the better use of this resource.

The leading problem is that of developing an optimal strain structure for the planted areas in each okrug, APK, brigade or individual block. The purpose is, based on the results of the experimental plots and the output in the individual areas of the country and types of soil, to use the type of strains which will yield the highest amount of grain on the proper soil and in suitable dimensions.

Solid order and discipline must be developed in organizing the purchasing, allocation and delivery of the seeds. We must eliminate all self-inspired manifestations of trading seeds among okrugs and APK without the knowledge and agreement of the National Agroindustrial Union and the competent organizations. The Quality Seeds and Planting Materials Scientific Production Trust alone has been granted the monopoly in purchasing, producing and selling seeds.

The role of seed control must be enhanced. Currently we suffer from many violations and compromises in grading the seeds of grain and other crops.

Technology and Technological Discipline

Regardless of the successes achieved over the past 2 or 3 years, technology and technological discipline remain the weakest link in crop growing. Violations of individual elements in the technological process are allowed even in the leading okrugs and APK which maintain high farming standards.

During the year, we developed for the benefit of the main campaigns individual systems of regulations and technological indicators. We are now submitting an

integral system whose purpose is not to regulate specific types of technology or approaches to the management of the technological process but to apply to the management system the type of norms which will enable us to control yields. Any neglect of established rules and norms means omissions in the management system, the technology and intensification as a whole.

Major improvements must be made in the first basic technological unit--the presowing preparations. According to the competent authorities of the National Agroindustrial Union and the scientific institutes, last year presowing preparations were not carried out in accordance with technological requirements over no less than 20 percent of the acreage. The highest amount of such areas was in okrugs in which the autumn crops yielded low results. Minimal and shallow cultivation must be developed as the main method in presowing preparations.

Technologically all problems related to the sowing of autumn crops have been clarified. Nevertheless, annoying mistakes continue to be made in the implementation of this assignment. Optimal deadlines are not being observed and norms related to sowing, depth of sowing and packing are being violated. In other words, we are forgetting the popular wisdom that you reap whatever you sow.

In order to accomplish the important task we have set ourselves--averaging 500 kg of wheat per decare from the entire area under crops next year--several requirements must be madatorily met in the course of this year's autumn sowing: the wheat and barley must be planted during the optimal period between 15 September and 20 October, according to the area; the depth of the sowing should not exceed 3-5 cm. This raises exceptionally important stipulations regarding the functioning of the sowing machines. The sowing norm must be based on the strain, sowing deadline and ecological conditions.

The management of a technological process, the development of the plants and the regulation of the crop, from sowing to harvesting, must reach a qualitatively new level. We must bear in mind that the sowing norm, along with other technological measures, is aimed at ensuring a certain number of fruit-bearing plants per unit of area. Therefore, here again we must put an end to the already stereotyped 30 kg and provide optimal conditions for the development of the necessary equalized fruit-bearing strains, most closely related to the specifics of the individual strain.

Substantial weaknesses continue to exist in the organization and system of fertilizer application. According to many leading agricultural cadres and specialists, grain production intensification is more frequently related to increasing fertilizer norms than optimizing the fertilizing, the means and deadlines of fertilizer use, and others.

The establishment of fertilizer requirements and norms this very autumn must be specific for each block of land, based on the type of soil, preceding crop and type of crop and strain. The tables provided by the N. Pushkarov Institute must be used in determining the need for phosphorus and potassium fertilizers; the use of nitrogen fertilizers must be based on intensive technology prescriptions.

Secondly, we must ensure the qualitative and even application of chemical fertilizers. In the case of wheat and barley nitrogen fertilizers must be applied according to the needs of the plants in their individual development stages and no less than on three occasions.

Thirdly, the high level of intensification calls for converting to extensive utilization of mixed fertilizers such as fixal, bukzal and others. Furthermore, in the case of intensive crops, particularly in nonchernozem soils, the application of microelements must become extensive.

The question of plant protection assumes priority among the various intensive development factors in grain production. We can no longer, as in the past, use exclusively specific plant protection measures if we are to ensure yields in excess of 500 kg per decare in autumn crops. This was confirmed through practical experience during the past two years.

The use of light crop dusting with 1.2-1.5 liters of active solution per decare was a successful new technological solution. It drastically upgraded labor productivity.

Relatively lesser losses caused by diseases and pests in wheat and barley should not lead us to believe that we have resolved the problem in the least. This year was exceptionally favorable in terms of phytosanitation, for which reason no definitive conclusions should be drawn.

If we were to summarize this problem we should emphasize that at the current stage plant protection is the most dynamic and important factor in increasing grain production and that it is in this area that we are faced with the largest number of problems.

What is the most important thing to be done in the area of plant protection?

Plant regulators--retardants--must be used in the cultivation of wheat on the basis of intensive technologies. This is the latest and most decisive feature of intensification. In this connection, we must make even better use of the experience and knowledge of domestic and foreign institutes and specialists.

We must improve forecasting and signaling in order to eliminate stereotypes in protective plant spraying.

We must mandatorily apply and improve record keeping in performing individual plant protection measures, including comprehensive charting of weeds and strict accountability in the use of chemicals.

Special control measures must be applied in the case of soils on which wheat and barley will be planted as single crops with intensive technology.

A new significant step was taken this year in improving the organization and work on harvesting the wheat and barley. A special harvesting system was

established and we must emphasize that regardless of the worsened weather conditions, as a whole the grain harvesting campaign was carried out on an organized basis and with lesser grain losses.

The tasks we are currently setting ourselves to increase the areas in crops and production call for enhancing the level of organization and control in harvesting the wheat and barley crops. We must draw proper conclusions from successes and weaknesses in harvesting this year's crops. We must emphasize that the fact that the harvest took more than 1 month in many okrugs and APK cannot be explained merely by the precipitation. Another reason was that we were insufficiently prepared for harvesting the crops under difficult circumstances.

For this reason, based on this year's experience, we must already begin to take steps to improve the system and organization of crop harvesting by further promoting the detachment form of organization in brigades, APK and okrugs, as well as in the national level in the case of the most highly productive equipment.

Material and Technical Support in Grain Production

The production of wheat and barley enjoys the relatively strongest material and technical support. Both last and this year agriculture, grain production in particular, was supplied with more fertilizer and chemicals; some of the equipment was renovated. This led to significantly better results.

For this reason, we shall continue to emphasize the more efficient utilization of the existing material and technical facilities and the availability of material resources based on the state plan. Many unused possibilities exist in this respect both in terms of the loading and shift coefficient of the equipment and the better use of fertilizers and chemicals.

The planned increase in grain production must be backed by fertilizers and chemicals in accordance with the planned norms. Additional needs for the acceleration of intensification, as was the case last year, must be met through self-support and self-financing.

We face major problems also in grain production mechanization. Such problems have been developed in detail in the program for accelerating grain production intensification and in the program adopted jointly with the Ministry of Machine Building and Electronics, approved by the Council of Ministers Council on Agriculture. The difficulty stems from the fact that the tasks stipulated in these documents are being implemented too slowly.

We realize that the problem of updating agricultural equipment is a difficult one and that it cannot be resolved in a year or two. Now, however, when we discuss the question of the ahead of schedule implementation of the decisions of the 12th party congress on increasing grain production, we cannot fail to note once again that the problem of the grain harvesting equipment has become intolerable and must be resolved this very year and the next.

We must also seek possibilities within the intensification program of accelerating the building and updating the warehousing facilities of the Grain Foods and Feed Industry DSO [State Economic Trust].

Currently several problems are particularly important in terms of the systematic application of the economic approach in agriculture, as follows:

The acceleration of intensification must be based on a strictly economic foundation, on the principles of cost effectiveness. We must strongly emphasize and everyone must profoundly realize that separating intensification from the economic approach would not strengthen but undermine the economic organizations;

We must ensure the full application of the economic mechanism in the brigades, as approved with Decree No 53. Currently, for a variety of reasons the brigade mechanism is not being entirely applied in many APK. Some of its basic principles and stipulations are being circumvened;

Efforts to improve intrabrigade organization and, on this basis, to create conditions for the application of the principles of internal cost effectiveness even in the smallest subunit and in the work of the individual specialist and worker, must be continued.

Scientific Services and Cadre Training

The intensive development of grain production and the implementation of the new assignments we have set ourselves for 1983 require a higher level of scientific services and the mobilization of the efforts of the entire scientific-cadre potential within the system of the National Agroindustrial Union.

We have at our disposal modern and comprehensive intensive technologies based on domestic and worldwide scientific and technical achievements, which were tested successfully in 1981-1982. Currently these technologies have been updated on the basis of the latest scientific and practical achievements. They have been systematized and made available to all agricultural organizations.

An Agricultural Academy was founded as a new unified center in charge of managing and coordinating science and scientific services to agriculture. Scientific-coordination centers in the various scientific areas were set up under it and engineering-application units were set up under the OAPS. Therefore, we have already developed organizationally an integral system of scientific services and application activities, based on the principles of the new economic approach.

However, as we assess the contribution of our agricultural science to the good results, we must also point out the responsibility of the scientific institutes and cadres for omissions, weaknesses and unused reserves in grain production. We must frankly point out that along with the agricultural organs and cadres the managers and collectives of the institutes in General Toshevo, Karnobat and N. Pushkarov in Sofia, bear the responsibility for the unsatisfactory results of wheat and barley growing in northwestern Bulgaria and some other parts of the country.

What are the more important requirements related to scientific servicing of grain production today?

In addition to the elaboration and submission of respective technologies, the Agricultural Academy and the specialized sectorial institutes must ensure their direct adaptation and application in the APK and the brigades on the basis of the economic approach. They must ensure the steady supervision of and scientific advice to the OAPS, the APK and the brigades throughout the growing season.

Under the guidance of the Agricultural Academy, the sectorial institutes, the scientific workers and the consultants in the respective okrugs, a highly efficient system of control and strict application of technology must be formulated.

The question of scientific services and application in lagging okrugs and APK must be supervised particularly closely by the NAPS, the Agricultural Academy and the OAPS. Under the guidance of the academy each institute must become a center for the application of the various comprehensively developed technologies.

Along with improvements in scientific services, we must organize the training of APK management and performing cadres on a qualitatively new basis. All cadres involved in grain production, from top to bottom, must study in detail the new intensive technologies and be prepared to undertake their practical application.

Efficient Crop Harvesting Organization

This year, along with the autumn crops, we are expecting a good harvest from the basic spring crops as well as from vegetables, grapes and fruits.

The autumn campaign in our country has always entailed great difficulties, for a great deal of produce must be harvested within a short time, the areas must be cleared quickly, the autumn crops must be planted and the areas for spring crops must be readied.

As we know, the Agricultural Council under the Council of Ministers approved special measures related to harvesting and the autumn sowing. They were welcomed with great satisfaction by all cadres and working people in agriculture. The OAPS, APK and production organizations formulated their own measures for the autumn campaign. Steps are being taken to improve the organization of autumn harvesting and sowing.

However, we are not satisfied with the work done so far, which is far below the requirements of the assignments and the actual situation in agriculture. Some tasks are not being carried out. The problem of comprehensiveness, on which the targets were based when the measures were formulated, was underestimated.

What specifically should be accomplished now?

Urgent steps must be taken to surmount the lagging in making the available equipment and transportation facilities which will be used in the autumn campaign technically ready and complete. We must apply specifically and extensively the detachment form of organization of the use of the equipment and the manpower with a view to developing a work conveyor--the harvesting and shipping out of the produce, the clearing of the land, presowing preparations and the sowing itself. In order to surmount the consequences of the delayed development of the crops, harvesting must begin at the very first opportunity and be completed within the shortest possible time. Under the guidance and control of the Food Industry Corporation, the purchasing organizations must be mobilized and the work of the agricultural organizations must be fully synchronized in order to insure the prompt purchasing, transportation, storing and utilization of the entire produce.

All rural labor resources must be mobilized in harvesting the fruits, vegetables and tobacco and picking the produce of the other crops following the machine harvest. In this case extensive use should be made of a great variety of methods involving small groups, families and individual piece-rate work. Each family in the countryside must be given a specific assignment and must actively participate in harvesting the crops.

The management of the National Agroindustrial Union is confident that along with mobilizing the forces of our system, which is the main and decisive factor this year as well, we shall receive timely assistance in terms of transportation and manpower facilities outside the NAPS system.

Comrades, the party and state organs in the okrugs and obshtinas have always been the motive and inspiring forces in the implementation of the great assignments set by the party and the state to agriculture.

At the present conference we express our sincere gratitude to the okrug and obshtina party committees and the primary party organizations, the organizations of the BZNS and the state and public organs for their tremendous political and organizational contribution to the great successes which were achieved in grain production in 1982. At the same time, we express our confidence that they will continue to lead in the struggle and the efforts of the farm workers in the practical implementation of the instructions issued by Comrade Todor Zhivkov and the decisions of the BCP Central Committee Politburo on accelerating the intensification and achieving new successes in grain production.

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WHEAT, BARLEY VARIETY YIELDS LISTED

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[Report by Candidate of Agricultural Sciences Dimitur Petrov and Senior Scientific Associate Dimitrina Tsankova, Quality Seeds and Planting Material Scientific Production Trust scientific associates: "What Strain to Choose?"]

[Text] Results of the testing of wheat, triticale and feed and brewery barley in the various parts of the country; A properly developed strain structure is one of the main prerequisites for high yields.

The country's agricultural workers can choose among more than 25 different wheat strains and 3-4 barley strains developed at home and abroad, distinguished by high productivity. These strains react more or less individually to specific soil and climatic cultivation conditions. On this basis the country can be divided into five geographic areas with their typical microrayons.

Agroclimatic and Methodical Circumstances Under Which Competing Strain Experiments Were Conducted with Wheat, Triticale and Barley in 1981-1982

In the Selanovtsi, Koynare, Pordim, Svetlen, Kubrat, Tsarevbrod, Zimnitsa, Radnevo, Gorski Izvor, Benkovski and Razlog areas precipitation was extremely low during the sowing and long afterwards in the autumn of 1981. The plants sprouted unevenly and late (the middle and end of November). During the winter the number of plants averaged from 300 to 350 per square meter, and from 80 to 150 plants in Kubrat. No autumn tillering was carried out in these stations and the crops entered the winter season improperly tempered. Nevertheless, the long snow cover protected the strains (crops) from freezing and plant losses in spring were due exclusively to mechanical damage. The winter was snowless only in the Selanovtsi area, as a result of which from 5 (Sadovo-1) to 57 percent of the crops (K-94, Denitsa, some strains developed by the Dobrudzha Institute and all wheat strains) froze. Freezing was noted also in Chelopech, Sofia Okrug, toward the end of March.

Subsequently (March-April), due to the low temperatures and low precipitation, the growth and development of the crops (strains) was hindered with the exception of the Vidin, Mikhaylovgrad and Ruse areas and southeastern Bulgaria. Some drought was noted in the Khaskovo, Stara Zagora, Plovdiv, Vratsa

and Pleven areas, as well as a most severe drought in the Silistra and Tolbukhin areas (which lasted until the virtually full ripening).

The relatively low rainfall during the last 2-3 months of the vegetation period limited the lodging of the strains with the exception of the Vidin, Mikhaylovgrad and Pleven areas, where severe storms lodged many crops. The virtual absence of conditions for the development of diseases was the reason for their limited manifestation.

During the ripening period and particularly during the last third of June temperatures exceeding 35° C and the low relative humidity strongly affected the normal grain formation as a result of which yields in many of the stations were substantially below expectations. Subsequently, yields dropped also as a result of steady excess rain during the harvest. This contributed to the drop in absolute and hectoliter weight.

The experiments were conducted on the basis of a uniform method; the sowing norm was 500 seeds per square meter for wheat and triticale and 400 for barley.

According to the type of soil, the following amounts of fertilizers were used: Wheat and triticale, 12-16 kg N, 10-12 kg Ph and 8 kg P; feed barley, 7-11 kg N, 8-10 kg Ph and 6 kg P; and winter brewing barley, 3-5 kg N, 10-12 kg Ph and 6 kg P.

Under such soil and climate conditions the following results were obtained with wheat in the individual microrayons:

Central, Northern and Northwestern Bulgaria

The following strains showed higher yields over a 5-year period (1978-1982), with an average yield of 571 kg for Sadovo-1 in this area: Charodeyka, 787 kg (one station only); Sadovo-Super, 589 kg; Kiten, 581 kg; Altimir, 614 kg; and Vratsa, 573 kg. The 4-year average was as follows: Pliska, 686 kg; Skitiya, 697 kg; Rekviem, 673 kg and Sadovo-1, 583. In 1882 Sadovo-1 averaged 674 kg, exceeded by Tervel, 721 kg; Trayana, 711kg; Kardam, 704 kg; and Katya, 702 kg, which exceeded the standard by 7.0, 5.5, 4.5 and 4.2 percent respectively.

In the individual stations the most constant yields were the following: In Medkovets (5 and 4 years): Kiten, 534 kg; Sadovo-Super, 531 kg; and Sadovo-1, 523 kg. In 1982: Kiten, 692 kg; Tervel, 672 kg; Katya, 656 kg; and Sadovo-1, 654 kg. In Selanovtsi (5 and 4 years): Sadovo-1, 613 kg; Vratsa, 608 kg; and Ogosta, 593 kg. In 1982: Tolbukhin-1, 574 kg; Sadovo-1, 563 kg; and Trayana, 560 kg. In Koynare (5 and 4 years): Kaliakra-2, 526 kg; Sadovo-Super, 517 kg; Kiten, 504; and Sadovo-1, 476 kg. In 1982: Tervel, 785 kg; Kaloyan, 774 kg; Trayana, 754 kg; and Sadovo-1, 656 kg. In Pordim (5 and 4 years): Charodeyka, 787 kg;, Vratsa, 749 kg; Pliska, 780 ; Skitiya, 787 kg; and Sadovo-1, 700 kg. In 1982: Tervel, 864 kg; Trayana and Impuls, 850 kg; and Sadovo-1, 771 kg. In Vrabevo (5 and 4 years): Sadovo-Super, 590 kg; Sadovo-1, 556 kg; and Kiten and Vratsa, 545 kg. In 1982: Kaliakra-2, 672 kg; Trayana, 658 kg; Charodeyka, 656 kg; and Sadovo-1,

579 kg. In Kapitanovtsi, in 1982: Trakiya, 899 kg; Katya, 894 kg; Pliska, 890 kg; and Sadovo-1, 823 kg.

Northeastern Bulgaria

The highest yelding strains over a 5-year period were Sadovo-Super, Trakiya, Ogosta, Kiten, Charodeyka and Vratsa, which surpassed Sadovo-1 (630 kg) by 2.6-4.9 percent, and over a 4-year period also Pliska (7.5 percent); Skitiya (7.5 percent) and Zagore (7 percent), compared with 630 kg for Sadovo-1 and 709 kg in 1982.

The steadiest yields in the individual stations were as follows: In Svetlen (5 and 4 years): Kaliakra, 648 kg; Zagore, 633 kg; Kiten, 646 kg; and Sadovo-1, 627 kg. In 1982: Yantur, 661 kg; Kaliakra, 655 kg; and Sadovo-1, 643 kg. In Brushlyan (5 and 4 years): Sadovo-Super, 722 kg; Lada, 720 kg; Pliska, 763 kg; Trakiya, 724; and Sadovo-1, 674kg. In 1982: Katya, 845 kg; Pliska, 833 kg; Charodeyka, 790 ;and Sadovo-1, 720. In Sitovo (5 and 4 years): Sadovo-Super, 719 kg; Vratsa, 714 kg; Skitiya, 733 kg; Trakiya and Charodeyka, 717 kg; and Sadovo-1, 699 kg. In 1982: Sadovo-Super, 782 kg; Trakiya, 758 kg; Katya, 752 kg; and Sadovo-1, 660 kg. In Tolbukhin (5 and 4 years): Trakiya, 678 kg; Ogosta, 675 kg; Skitiya, 733 kg; Pliska, 717 kg; Charodeyka, 717 kg; and Sadovo-1, 640 kg. In 1982: Pliska, 788 kg; Sadovo-Super, 782 kg; Vratsa, 778 kg; Slavyanka, 782 kg; and Sadovo-1, 735 kg. In Zhitnitsa (5 and 4 years): Trakiya, 594 kg; Kiten, 589 kg; Ogosta, 572 kg; and Sadovo-1, 562 kg. In 1982: Trayana, 793 kg; Tolbukhin, 789 kg; Charodeyka, 777 kg; and Sadovo-1, 709 kg. In Pavlikeni, in 1982: Katya, 902 kg; Tervel, 897 kg; Pliska, 873 kg; and Sadovo-1, 815 kg. In Obraztsov Chflik in 1982: Katya, 624 kg; Zenit, 613 kg; Zagore, 611 kg; and Sadovo-1, 532 kg. In Tsarevbrod in 1982: Yantur, 795 kg; Rositsa, 780 kg; Trayana, 778 kg; and Sadovo-1, 740 kg.

Southeastern Bulgaria

In this area, during the 5-year period Sadovo-1 (595 kg) was surpassed by Ogosta (by 3.9 percent), Vratsa (3.5 percent), Kiten (1.2 percent), and Trakiya (1 percent). In 1982 Sadovo-1 (683 kg) was surpassed by Trakiya (3.3 percent), Ogosta (3.1 percent), and Vratsa (1.8 percent). In the individual stations in this area very good yields were obtained as follows: In Burgas (5 and 4 years): Trakiya, 645 kg; Altimir, 646 kg; Kiten, 631 kg; and Sadovo-1, 594 kg. In 1982: Rekviem, 778 kg; Trakiya, 776 kg; Skitiya, 762 kg; and Sadovo-1, 673 kg. In Zimnitsa (5 and 4 years): Vratsa, 558 kg; Sadovo, 554 kg; and Kiten, 551 kg. In 1982: Pliska, 702 kg; Katya, 678 kg; Yantur, 675 kg; and Sadovo-1, 660 kg. In Boyanovo (5 and 4 years): Ogosta, 674 kg; Vratsa, 671 kg; Trakiya, 651 kg; and Sadovo-1, 638 kg. In 1982: Ogosta, 749 kg; Sadovo-1, 717 kg; and Vratsa, 707 kg.

Central Southern Bulgaria

Over a 5-year period the following strains averaged higher yields than Sadovo-1 (629 kg): Sadovo-Super (8.4 percent), Altimir (5 percent), Kiten (3.7 percent) and Vratsa (2.7 percent). During a 4 year period Sadovo-1 (625 kg) was surpassed by Pliska (18.3 percent) and Skitiya (17 percent).

In 1982 the highest yields were obtained with Sadovo-Super (743 kg), Yantur (722 kg) and Katya (726 kg) compared with Sadovo-1 (700 kg).

In the individual stations high yields were obtained as follows: In Lyubimets (5 and 4 years): Sadovo-Super, 590 kg; Kaliakra, 577 kg; and Sadovo-1, 552 kg. In 1982: Pieta, 772 kg; Vratsa, 754 kg; Katya, 753 kg; and Sadovo-1, 680 kg. In Gorski Izvor (5 and 4 years): Sadovo-1, 670 kg; Sadovo-Super, 665 kg; and Kiten, 660 kg. In 1982: Sadovo-Super, 761 kg; Katya, 744 kg; Denitsa, 726 kg; Sadovo-1, 723 kg. In Benkovski Village (5 and 4 years): Vratsa, 674 kg; Sadovo-Super, 660 kg; Kiten, 644; and Sadovo-1, 606 kg. In 1982: Kaliakra, 577 kg; Yantur, 572 kg; Denitsa, 566 kg; and Sadovo-1, 556 kg. In Ognyanovo Village (5 and 4 years): Sadovo-Super, 815 kg; Kiten, 756 kg; Pliska, 814 kg; and Sadovo-1, 686 kg. In 1982: Sadovo-Super, 817 kg; Tervel, 807 kg; Katya, 801 kg; and Sadovo-1, 706 kg. In Dubene in 1982: Yana, 862 kg; Kaloyan, 859 kg; Avren, 856 kg and Sadovo-1, 833 kg.

Foothill Zone

During the 5-year period Sadovo-1 averaged 564 kg of grain per decare, exceeded by Sadovo-Super (583 kg), Kaliakra-2 (565 kg) and Altimir (590 kg).

The highest yields in 1982 were achieved with Kaliakra-2, 666 kg; Katya, 664 kg); Charodeyka, 661 kg; and Vratsa, 660 kg, compared to Sadovo-1 (630 kg).

High and steady yields reached by the individual stations were as follows: In Vrabevo (5 and 4 years): Sadovo-Super, 590 kg; Sadovo-1, 556 kg; Kiten and Vratsa, 545 kg. In 1982: Kaliakra-2, 672 kg; Trayana, 658 kg; Charodeyka, 656kg; and Sadovo-1, 579 kg. In Razlog (5 and 4 years): Kaliakra-2, 603 kg; Altimir, 590 kg; Vratsa, 579 kg; and Sadovo-1, 572 kg. In 1982: Katya, 689 kg; Sadovo-1, 670 kg; and and Impuls, 665 kg. In Lesnovo in 1982: Pliska, 759 kg; Vratsa, 724 kg; Sadovo-Super, 712 kg; and Sadovo-1, 640 kg.

On a country-wide basis, the average over a longer period of time, the highest plasticity and high and steady yields were achieved, along with Sadovo-1, with Vratsa, Kiten, Trakiya, Pliska, Skitiya, Charodeyka, Kardam, Sadovo-Super, Slavyanka and Ogosta. The highest yielding of the newly zoned strains were Trayana, Rekviem and Kaloyan, different amounts of which could be used in the individual microrayons, based on their performance. The best yields among the candidate-strains were Katya and partially Yantur, the seeds of which should be used to the fullest extent in order to speed up their multiplication.

The following must be considered in developing the strain structures:

For the purpose of intensive growth the strains must be classified into three groups:

High-intensive: Trakiya, Charodeyka, Pliska, Vratsa, Trayana, Ogosta and Kaloyan; medium-intensive: Sadovo-1, Kiten, Skitiya, Kardam and Rakovski; low-intensive: Slavyanka, Kaliakra-2 and Sadovo-Super.

In the high mountain fields with weaker soils and regulated fertilizing the recommended strains are Skitiya, Kiten, Kaliakra-2, Trayana and Ludogorka.

In order to improve the quality of the bread, up to 20 percent of the areas must be planted in Slavyanka and Ludogorka.

Triticale

Among the strains which were studied over an average of 2 years T-142 and No 44 alone almost matched the standard, while the other strains were considerably below it. Better results were achieved with No 44 (102 percent) in central, northwestern and northeastern Bulgaria compared with the standard average of 667 kg per decare. In southeastern Bulgaria the strain was slightly above the standard with 599 kg (1.3 percent) but considerably below the Mirazh barley strain (121.7 percent). In central southern Bulgaria all strains were below the standard, ranging from 2.5 (No 2089) to 13.2 percent (Danae rye) -- 7291 (689 kg).

Considering the results, further studies of strains T-142 and No 44 become imperative. Of the 17 triticale strains used in the country in 1982 higher average yields compared with the standard (649 kg) were obtained with T-142, T-144-71 and No 44, ranging from 0.7 to 2.9 percent.

In central northern and northwestern Bulgaria the standard (668 kg) was exceeded by T-142 (102.7 percent) and No 44 (105.5 percent). In northeastern Bulgaria the standard (631 kg) was exceeded by T-142, 103.1 percent; No 44, 101.2 percent; and No 444-71, 100.8 percent. In southeastern Bulgaria the 566 kg standard was exceeded by No 2089, Kuley-3, 444-23, 444-71, T-142, No 44 and No 82. However, these strains were substantially inferior to the Mirazh barley strain. In central southern Bulgaria all strains were considerably below the standard (712 kg).

Winter Feed Barley

The average 2-year results categorically support the requirement of making full use of the Mirazh strain, the yields of which considerably surpass the remaining strains by 1.3-21.4 percent. Relatively good strains, although lower, were Katya (98.7 percent), Gerbel (97.7 percent) and F-208 (97.6 percent). The only strain which was higher than the average by 5.2 percent was KhVV-860 (tested in one station only), for which reason it must be subjected to further studies by all stations for 1 more year.

In the individual stations high yields for the 2-year period were averaged by the following strains: In Pordim: MV-37, 809 kg; KhVV, 869 kg; Gerbel, 786 kg; and Mirazh, 768 kg. In Tsarevbrod: Gerbel, 718 kg; Mirazh, 703 kg; and MV-37, 700 kg. In Sitovo: KhVV-823, 729 kg; Plana, 715 kg; and Mirazh, 709 kg. In Burgas: Mirazh, 801 kg; Dilana, 722 kg; Katya, 738 kg; and Gerbel, 782 kg.

A 1-year study of 18 domestic and foreign strains revealed the far superior productive possibilities of Holds (738 kg) and Pirate (645 kg) (each tested in a single station only, with respective Mirazh yields of 632 and 583 kg). An average for all stations showing a slight improvement of 12 kg compared with Mirazh was achieved by KhVV-869 and F-208.

In individual stations higher yields were reached by the following: In Kapitanovtsi: Pirate, 645 kg; Gorbel, 643 kg; F-4876, 614 kg; and Mirazh, 583 kg. In Pordim: MV-37, 779 kg, KhVV-860, 778 kg; No 468, 759 kg; and Mirazh, 708 kg. In Sitovo: KhVV-823, 780 kg; Mirazh, 762 kg; and No 468, 753 kg. In Tolbukhin: KhVV-860, 634 kg; No 468, 580 kg; F-4876, 573 kg; and Mirazh, 552 kg. In Tsarevbrod: MV-38, 797 kg; KhVV-860, 768 kg; Gerbel, 702 kg; and Mirazh, 685 kg. In Burgas: Mirazh, 813 kg; MV-38, 732 kg; and F-4876 [figure omitted], kg. In Karnobat: KhVV-860, 863 kg; MV-38, 850 kg; F-208, 834 kg; and Mirazh, 813 kg. In Boyanovo: Mirazh, 751 kg; F-208, 722 kg; and Gerbel, 704 kg. In Lesnovo: Alfa, 705 kg; Mirazh, 670 kg; and No 468, 632 kg. In Zhitnitsa: F-208, 777 kg; Gerbel, 767 kg; MV-37, 725 kg; and Mirazh, 632 kg. In Ognyanovo: Alfa, 615 kg; F-4876, 611 kg; Katya, 598 kg; and Mirazh, 558 kg per decare.

Winter Feed Barley -- Candidate Strains

Eighteen candidate strains were tested in 1982. It was established that their yields were relatively lower in northern Bulgaria. The absolute yields in all stations ranged from 450 (Plovdiv-4) to 974 kg per decare (KT-2011). Compared with Mirazh (606 kg), considerably superior yields were reached on an average for all stations with KT-2013, 6.6 percent; KT-2015, 5.3 percent; KT-2014, 3.6 percent; and KT-2010, 2.1 percent.

By individual station, higher yields than Mirazh were as follows: In Pordim: KT-2010, 746 kg; No 468, 738 kr; KT-2014, 729 kg; and Mirazh, 660 kg. In Tolbukhin: KT-2013, 636 kg; Gerbel, 631 kg; KT-2014, 630 kg; and Mirazh, 586 kg. In Kapitanovtsi: Gerbel, 678 kg; KT-2013, 670 kg; and KT-2002 and Mirazh, 552 kg. In Lesnovo: Alfa, 705 kg; KT-2011, 698 kg; KT-2013, 695 kg; and Mirazh, 670 kg. In Karnobat: KT-2011, 974 kg; KT-2003, 872 kg; KT-2014, 866 kg; and Mirazh, 865 kg.

Winter Brewery Barley

Of the 24 strains which were tested the high productive possibilities were noted of KT-1009, KT-1008 and KT-108, exceeding Alfa (705 kg) by 6.4, 2.6 and 2.5 percent respectively.

In the individual stations Alfa was considerably surpassed by the following: In Pordim: KT-1009, 864 kg; KT-1003, 819 kg; KT-108, 809 kg; and Alfa, 763 kg. In Tolbukhin: KT-1004, 722 kg; Alfa, 707 kg; and Igri, 705 kg. In Kapitanovtsi: KT-1009, 750 kg; KT-1003, 747 kg; F-219, 676 kg; and Alfa, 625 kg. In Karnobat: Alfa, 840 kg; KT-1009, 840 kg; and KT-108, 833 kg. In Lesnovo: KT-1008, 726 kg; KT-1006, 717 kg; KT-108, 690 kg; and Alfa, 592 kg.

The accelerated multiplication of the new strains must be controlled in order to achieve quick seed strain substitutions. This requires the following:

Only strains approved by the Strain Seeds Commission Plenum must be planted;

Strain production must be increased only in the strain support, testing and comprehensive experimental stations and institute bases under the personal supervision of scientific personnel;

The GIAS (respectively the okrug seed control inspectorates) must select the proper strains for accelerated multiplication work and accurately supervise the use of the strains in accordance with State Strains Commission zoning;

The selection collectives must allocated seed growers no less than 100 kg of super-elite seeding material after the acceptance and zoning of the new strains.

5003
CSO: 2200/3

PREMIER ENCAPSULATES ECONOMIC HISTORY, UNDERLINES REFORM, ROLE OF PLANNING

Budapest FIGYELO in Hungarian 23 Sep 82 p 3

[Article by Gyorgy Lazar: "Contemporary Requirements of Planning," excerpts from a speech by the chairman of the Council of Ministers given at a conference dealing with the modernization of economic planning]

[Text] On 1 August 1947, not long after cleaning up the ruins of war, our liberated people began to carry out the 3-year reconstruction plan of the country.

The tasks awaiting solution in the course of building the new society proved more complicated than we had thought. But despite every problem and difficulty we can say that there was never an epoch of Hungarian history which could show such profound changes and achievements, transforming society as a whole, as that which we have achieved in the 35 years of planned management since the liberation and especially in the last quarter century.

At the end of the 1940's, in a sharpened phase of the struggle waged for power, great forces appeared to discredit the ideal of the planned economy. The reconstruction plan, however, was supported by the great strength of the masses. This, and the example of the Soviet Union and the selfless aid it offered to the liberated countries including our homeland in the reinitiation of life, gave encouragement to all those who wanted a break with the past and the regeneration of society.

In those difficult times the plan became a symbol of the desire to act because, in opposition to the propounders of despair, it gave a prospect, designated a concrete goal and thus became a real organizing force.

The credit of the reality of the vistas deriving from the plan was strengthened when, in 1949 with the formation of CEMA, it became possible to build up equal and fruitful economic contacts with the Soviet Union and the other people's democratic countries. The possibilities were given to progress successfully in every area of social-economic life in laying the foundations of socialism.

This did not happen. For a time the initial successes hid the contradictions which had arisen due to the subjectivism reigning in the leadership, but they

increasingly confused development. The distortions in politics, the forced industrialization exceeding the material strength of the country, the disproportionate accumulation, the forced large scale reorganization of agriculture and the voluntarism of economic policy and planning became sources of serious social, political and economic tensions. Faith in politics was shaken and the crisis, which ended in counter-revolution, put in danger the worker power and the socialist achievements.

A scientifically well founded economic policy is an organic part of the policy of the reorganized party of the Communists, the Hungarian Socialist Workers' Party. The basic principles of this economic policy include the idea that the development of the economy must be based on the combined exploitation of the traditions and endowments of the country and of the possibilities of the international division of labor; goals had to be posted for the realization of which realistic conditions exist.

In the formulation of economic policy the party gave broad scope to the sciences, including the cultivators of economics and planning theory, and required and encouraged their cooperation in answering the questions arising in the course of socialist construction. Thanks to this, research work received a great impetus and creativity and a spirit of debate revived, as a result of which Hungarian economics science, the theory and practice of planning, can point to worthy successes arousing even international attention.

It is to the credit of our party that it recognized in time those qualitative changes which made it necessary to begin preparations for the intensive phase, and in light of this it put a reform of economic guidance on the agenda. The introduction of the new guidance system in 1968 was a step of strategic significance toward creating the economic conditions for growth based on efficiency, a further broadening of democracy and increasing personal interest in socialist construction. The reform renewed and raised to a qualitatively higher level in public thinking the judgment of the role of the economy and made it possible for the members of society to participate more directly in the development of national economic and local plans, and this in itself became a driving force which is an important component in the successes we have achieved in socialist construction.

As is well known, prior to 1945 Hungary was one of the most backward countries of Europe. Between the two world wars national income, starting from a low base, increased by no more than 1-2 percent as an annual average and accumulation did not exceed 5-6 percent. In the 35 years of the planned economy national income has increased more than six times, as compared to what it was before the liberation; our industry has become a many-sided modern large industry and its production has increased about 15 times. Our socialist agriculture has nearly doubled its production with half the labor force. Employment of the populace capable of working has become full and consumption by the populace has increased more than four times. Housing conditions have improved radically, social care has spread, the general and professional culture of our people have gone through great changes and the developmental level of the various parts of the country has become more even.

Our development cannot be isolated from the strongly unfolding international division of labor. Our homeland, as a founding member of CEMA, has built up profitable links with the member states.

We can deservedly say that the economic, technical and scientific cooperation being realized within the framework of CEMA, the sharing of experiences acquired in socialist construction and the close and many-sided economic contacts with our friends and especially with the Soviet Union--trade with the Soviet Union makes up one third of our foreign trade--represented and still represent for us a source of strength which plays an indispensable role in laying the foundations for our economic plans and at the same time improves our chances of expanding our economic contacts with other regions of the world on the basis of advantageous conditions.

This is of very great significance because, in addition to the exhausting of the extensive reserves for development, our great dependence on the international division of labor is the other cause in which are rooted the present problems of our economy. It is well known that the price changes on the world market, which took place virtually at one blow, represented for us a deterioration of nearly 20 percent in the terms of foreign trade, which meant, in the 1-2 years following 1973, an annual 5-6 percent loss in national income.

Virtually turning them inside out at that time, we used the advantages offered by the socialist social system and the possibilities hiding in planned management primarily to protect society and the productive sphere as much as possible from effects coming from outside and did not use them to aid the creation of conditions for adapting to the new relationships and encourage producers toward more rational management and qualitatively higher performance. It was clear to us that this was unavoidable. But because--even at this time--we had put increasing efficiency, modernization of the production structure and an increase in the ability to export in the center of our economic policy we felt that, with a few corrections, we could maintain the earlier rate and ratios of development.

The contradictions piling up because of the further deterioration of the world market situation, the still existing contradictions and weaknesses of our economy, and the slow accommodation to the changed requirements manifested themselves primarily in a swift growth, assuming large magnitudes, of the deficit in dollar accounting foreign trade. We had to admit that the earlier program for switching to the intensive phase--which was born in a different international situation promising more favorable prospects--could not be maintained. Nor did it prove a realistic supposition that we could raise efficiency so high as to counterbalance the effects of the world economy which were unfavorable for us, in a few years and without a more radical transformation of the price system and other elements of economic regulation.

After these antecedents came the December 1978 meeting of the Central Committee which placed a restoration of the balance and a preservation of the standard of living in the center of practical tasks and which served as a basis for working out the Sixth Five-Year Plan also.

Under the given conditions there was realistically no other possibility for giving priority to the balance requirements than a strong moderation of quantitative growth, a significant modification of the distribution ratios at the expense of accumulation and the introduction of economic measures better stimulating an improvement in efficiency. As a result, and even with increasingly tight market conditions due to the deepening crisis of the capitalist economy, dollar accounting foreign trade came essentially into balance in 1980-1981.

Since the beginning of last year, however, foreign economic conditions have become even more unfavorable than earlier, due to the further stagnation of capitalist economies, discriminative steps initiated on the part of the United States and a tightening of the money market. A situation has been created such that, in order to preserve our solvency, we must approach this year that active trade balance which we had prescribed originally for the end of the 5-year plan. This task, which in itself could have been fulfilled only at the price of extraordinary efforts, is made even more difficult for a few internal reasons in addition to the international factors already mentioned.

In 1981 and in the first half of this year, due to the weaknesses of price and wage regulation, more income flowed out than planned or than could be justified by performance and the growth in our foreign currency receipts ran into serious difficulties because the branches with great importance in capitalist export, branches struggling with marketing problems around the world, primarily ferrous metallurgy, the aluminum industry and the chemical industry, did not succeed in replacing products difficult to sell with more economical and more sought after goods. Contributing to this is the fact that since the majority of our socialist friends have problems similar to ours there is no possibility in the short run to bridge over our difficulties by a further expansion of cooperation with them. For these reasons it became unavoidable that we should increase interest in increasing export and take measures to avoid an increase above the plan in accumulation or in communal or popular consumption, to decrease supports burdening the budget, to limit temporarily the import that could be done without and to tighten domestic credit conditions.

These are forced steps which will cause perceptible difficulty for managing organizations and the populace, especially for certain strata. But we had to do this because we cannot undertake the unforeseeable consequences of either a possible insolvency or a disruption of the domestic market balance. Speaking of these questions I cannot refrain from saying even now that although we have averted the immediate danger it may become necessary in the future also to make decisions, pregnant with conflicts, as difficult as those of this year, in the interest of stabilizing our situation. In such cases we will carefully weigh the unfavorable effect of them on living conditions and will mitigate them in proportion to our possibilities.

Many ask, and not without reason, why we are producing the cover needed to improve the balance primarily in distribution, at the expense of accumulation and consumption, and not with a swifter growth of production. It is because

this is the most feasible way to improve the balance in the short run. Beyond a certain limit increasing production will contribute to improving the balance only if not only the increment but also a decisive proportion of the total social product reaches or at least approaches the degree of modernness and profitability characteristic of the economically developed countries. In the contrary case increasing production does not improve but rather--because of the swiftly increasing import needs--hurts the balance. In the final analysis, of course, we must create the conditions for stabilizing it and for future growth not in the distribution sphere but rather in the production sphere, with more thrifty management and more efficient production. This means switching to the intensive phase, which we began more than a decade ago, although we are still in the initial stage of the process. To accelerate this process will require the acceptance of a new system of values, not only in the economy but in every area of society, and it will require the carrying through of profound qualitative changes. The modernization of the system of economic guidance must be continued from these same ideas. And here, naturally, I am thinking not only of the price system, financial regulators, interest relationships, improving the conditions for innovation or organizational modernization increasing the democratism of decision making but also of a further development of economic planning.

Our history also proves that when the system of planning or execution ignored the changes in reality or did not take into account interest relationships correctly this always gave birth to disproportions, led to a decrease in performance and to social losses and finally provoked or deepened the balance problems.

When, as now, the balance of the economy is shaky and vulnerable the danger potentially exists that centralization will increase and the sphere of enterprise decisions will narrow. Disregarding exceptional cases this is not an unavoidable necessity. It is true that if there is a lasting balance deficit in the economy it is necessary to carry out substantial modifications in the tools of guidance and in the medium motivating enterprise decisions, in addition to providing economic policy priorities. But we can expect guidance to fulfill its function--especially in a complex economic situation--only if it is based on principles valid for the long term and yet open enough to select, starting from the concrete relationships, tools best suited to orient enterprise behavior in the correct direction. This is why there have been, from time to time, modifications in the tools of guidance, the purpose of which was to pass on the changes which had taken place in reality--even if, from the enterprise viewpoint, they had negative consequences they were in harmony with the basic principles of our guidance practice. In the final analysis they serve the interest of society. But in a situation similar to the present one there may be also a strengthening of an attitude which idealizes the advantages to be expected from a freer realization of market relationships in enterprise management. We cannot take either path. Reality is more complex. We cannot pose the question: Either the plan or the market, either centralized guidance or enterprise independence.

Even in the present economically difficult period, when the situation justifies the use of temporary, emergency solutions--we have no reason to be

silent about the fact that this is what happened and that it may happen in the future also--our chief aspiration continues to be continuation of the reform, an even fuller unfolding of enterprise independence together with an improvement in the efficiency of central guidance. When developing further our planning system also we must start from this basic position and from the fact that never, not for one minute, was there any doubt that economic planning was the chief foundation for the guidance of our socialist economy.

However noteworthy the progress may be, we must also further develop the system and methods of planning in order to better meet the requirements of the intensive developmental phase. Knowing the program of this conference, I am certain that the presentations and debates will enrich the theory and practice of our socialist planned economy with new achievements aiding the satisfaction of the higher requirements.

8984
CSO: 2500/2

LOOKING BEYOND CURRENT ECONOMIC STAGNATION VITAL

Budapest FIGYELO in Hungarian 26 Aug 82 p 3

[Article by Erno Csizmadia: "The Danger of Delay"]

[Text] Can we be satisfied with emphasizing that since 1978 we have been on the right path? In my experience, public opinion today already expects more than just this. Many people feel the need of a realistic appraisal of the situation. While we are talking more and more of the new growth path, we have not succeeded as yet in outlining the new paths of development, and the alternatives of action.

In the present situation, which can justifiably be called a worldwide depression, Hungarian economic policy has achieved noteworthy results. During the past year or two, we have been able to stem the worsening of economic equilibrium. Mostly by curbing import, encouraging and stimulating export, and by holding back investment and consumption, we have been able to improve our balance of trade. This proves that central management of the economy, if it uses prudently the available indirect and direct instruments of regulation, can master even difficult situations.

Despite the aforementioned successes, as the central issue of our time I regard the fact that economic equilibrium cannot be restored permanently with the economic instruments that the government has been using up to now, i.e., essentially by curbing investment and consumption. With curbs it is not possible to achieve the necessary momentum of competitiveness. And for that matter, neither by merely resetting the switches and moving the train to a new track. This slows the train down, rather than accelerating it. In such situations it is unavoidable that "the locomotive engineer apply more steam."

New Momentum, Sustained Equilibrium

However, the roots of a new momentum and sustained equilibrium can draw nourishment only from the enterprise sphere, from production. The government can operate only with what the enterprises and cooperatives produce. The big question, therefore, is whether we will succeed in switching to a new track industrial and farm production, the economic activity of the enterprises and cooperatives. This requires new developmental alternatives, the stimulation and upsurge of the economic units' entrepreneurial activity, and the improvement of competitiveness. But this does not depend on enterprise and cooperative managers alone. I am convinced that entrepreneurship and competitiveness can be stimulated through new developmental alternatives and a thorough reform of the economic mechanism, and of the system of regulation in particular.

We cannot wait until the end of this century with the elaboration of the new developmental alternatives. One shortcoming of our work to date is that we have become bogged down in the sphere of curbs, with the measures that are feasible and necessary in the sphere of distribution. Not as if such measures were unnecessary. Viewed from below, however, it seems that our economic policymakers are interested only in distribution and have completely lost sight of production. This probably is not true, yet the fact that enterprise experts, the economists employed in the microsphere, feel mostly the curbs and restrictions provides food for thought. And if this is so, then such restrictive measures must be the dominant also in practice. The impression has been growing lately that occasionally the central managing organs are playing nine-men's morris with the enterprises, without any clear and decisive idea or strategy regarding the future path, the new growth path, which they usually narrow down to slower rates of economic growth, respectively to the application of the "competitive price system."

A Typical Uncertainty

A typical uncertainty of the present situation is that in recent years, and except for broad generalities (for example, "product change," "selective development of production," etc.), we have been unable to say practically anything about the specific possibilities for the development of industry, agriculture and the infrastructure, about their developmental directions and alternatives. Central management of the economy seems to consist only of price and financial measures; production policy and technical development seem to have been relegated to the background in practical actions, even though our comptetitors are exerting considerable effort in these fields. Perhaps the development of agriculture can be regarded as the most definite and established. Practically at the very last minute, central decisions have been adopted regarding the development of electronics, the pharmaceutical and the aluminum industries. But it is to be feared that by the time we are able to implement these decisions, we will have missed the boat, especially if we continue to take away with one hand from what we are giving with the other. For example, we have increased only very moderately the allocation for credits to expand the output of products that can be exported for convertible foreign exchange, although this method has proven suitable in practice and its scope could be broadened considerably.

Economic management can best serve development if it relies on the human factor's moral and financial appreciation, and simultaneously on raising its cultural level and level of training, because this is the investment that can be made at the lowest cost. Agriculture provides tangible proof of this. Within a historically insignificant period of time we have been able to liquidate in agriculture the peasantry's backwardness, and to create a suitable foundation for the technical development and growth of farm production. Naturally, an inseparable part of this is the construction that systematically raises the workers' cultural level and training, employs varied forms of enterprise democracy and cooperative self-management, thereby aiding the development and functioning of an efficient management team, treating manpower with human dignity, and not curbing but encouraging initiative or, to use the more common current expression, entrepreneurial willingness. This of course also means that manpower must be supplied modern equipment, and that technical development must be governed by considerations of economic effectiveness, excluding the one-sided considerations of prestige in acquiring new equipment.

Economic Regulation

In economic regulation, in developing the enterprises' independence and economic incentives, we have made considerable progress since 1968 (although with some backsliding), including also the changes introduced in 1980. And yet I concur with those who adopt a standpoint of sensible radicalism and propose further profound changes. The essence of these changes is that it is not absolutely essential for the central organs to make the decisions in matters that pertain to the enterprises, the decisions that can be made realistically at the place of production and marketing. Thus if in 1968 we dared to abandon the breakdown of the plan, in the same manner we now should dare to abandon (if not all at once, at least gradually), the "breakdown of the regulators", i.e., the method of breakdown employed in the indirect management of the economy. At present, overregulation of the formation and use of enterprise income, and within it particularly of wage payments, leaves very little room for enterprise independence, initiative and entrepreneurial willingness.

Present financial regulation excessively simulates economic management through plan breakdown and strives to "catch" income at its source, before it is realized. It is high time to change this, naturally on the basis of the principle that regulation must closely link enterprise and individual incentive to the economic result, to economical commodity production, and must differentiate in accorance with the result. It must not withdraw income ahead of time, because doing so kills incentive.

Thus economic management should not interfere so directly in the formation and use of enterprise and personal incomes, because then there is not much left to centralize. The present one-sidedly price-centric regulation, respectively the rigid taxation of income should be changed because it diminishes differentiated incentive and entrepreneurial willingness. This of course would require abandoning the one-sided curtailment of purchasing power and the base-period approach to income regulation, making such regulation energy-centered. Measures to impose additional taxes, which reflect indecision and impatience and often are retroactive, should likewise be abandoned. In their place a clear tax system should be employed that would definitely raise more central revenue, but could serve as a reliable basis for the formulation of enterprise and personal strategies.

New Growth Path

If we truly wish to continue along the new growth path, then it is essential to realistically assess our situation, to evaluate the possibilities--taking also the possible maneuvering of our competitors into account--and to elaborate our developmental alternatives. Economic management and regulation should then be based on the concept formulated in this manner, taking care to be consistent and to employ the right mix of incentive and compulsion.

The big question, of course, is where will we get the resources for all this. It is something all of us must accept, even at the cost of the living standard's temporary stagnation. I believe that public opinion, trusting economic management, finds this acceptable and is even willing to help. But for this we need a clear program, for the restrictions as well as the development. Naturally, this involves a certain amount of risk. But many of us believe that the greatest risk would be to delay taking action.

1014
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PRICE HIKES, ECONOMIC POLICY EXPLAINED TO UNION MEMBERS

Budapest NEPSZAVA in Hungarian 18 Sep 62 p 3

[Article: "Deliberately and With Responsibility"]

[Text] Price changes and increases have become a recurring and permanent phenomenon in our country. Their causes are well known. The 12th MSZMP Congress and the 24th Congress of Trade Unions analyzed the situation of our country and economy, and outlined our economy's development possibilities in the first half of the 1980's and the foreseeable development of the living standard, prices and wages.

It is common knowledge that life is becoming more expensive everywhere in the world. In France, the United Kingdom and the Federal Republic of Germany, which economically are far more developed than our country, workers and employees have to cope with large-scale and increasing unemployment, high rates of inflation and rising food prices, and year by year they are finding it more difficult to make ends meet. Also our trade-union members are aware that consumer prices are rising.

Regardless of how realistic and acceptable the reasons, price increases are always painful. While a significant proportion of the workers accept the higher prices with sober understanding, they see in them an obstacle to their efforts to maintain their living standard, and therefore they question the price measures that affect them personally and their immediate environment. This uneasiness stems from the fact that during the past 25 years we became accustomed to more even development, to the fact that our problems were of a different nature.

What do the trade unions think of the price increases? This is a recurring question among our membership. Since 1956, on the basis of the trade unions' status and role within society, the MSZMP and the government take into account, on all basic issues, the opinion and experience of the trade unions. Naturally, this applies also to the development of prices.

The trade unions understand and accept the fact that price increases are unavoidable. They are kept informed, regularly and in due time, about contemplated price increases and the development of the economic processes. Their relations with the state organs are so close that negotiations between the apparatuses of the trade unions and state organs start as soon as an idea is advanced. This is something natural in a socialist society. The foreseeable impact of the price increases--how they will affect the various strata and groups--is discussed jointly.

But while the trade unions support the state organs' realistic plans based on facts, they also examine the proposals critically, in terms of their proportion, mode and rate. They investigate whether there is some other alternative to raising prices. And if raising prices is inevitable, how will it affect the individual families and strata. Thus, the preparations for price increases are not uncontested. Such analysis of the state organs' concepts and plans is necessary and feasible.

The trade unions support the construction of socialism. But from this it does not necessarily follow that they see eye to eye with the state organs on the mode of solving every detailed question. Therefore the trade unions, true to their mission, not only support the plans and proposals, but also criticize them when necessary. We are convinced that this is the right way for the trade unions to behave. If in the course of building socialism the trade unions have a different opinion on some partial question that affects a given enterprise or has a broader impact, then it is also right for them to say so, to debate the issue with the government organs concerned, which will then decide what is to be done in the end.

Expression of Opinion

At the 24th Congress of Trade Unions it was also noted that the trade unions have always reacted to price increases in the same way as the devil to holy water. From the very first moment of their existence, they have always fought for a proper ratio of prices to wages. Under socialist conditions, however, the trade unions too are responsible for the realization of society's objectives, for progress in building socialism; they accept and identify with both. Thus they accept responsibility also for price increases in accordance with the dual mission of the trade unions.

On the one hand, the trade unions support the growth of our economic potential and encourage efficient and disciplined work of good quality, so that the increased economic potential may provide more for distribution in the future than at present. But the other side of their responsibility is no less significant. The trade unions represent and defend the interests of their members, of the workers. They help to ensure that the unfavorable impact on wage earners is kept to a minimum when price increases are unavoidable. This of course is both the duty and the goal of the trade unions. Whenever prices are being increased, the trade unions must consider their dual mission before adopting a standpoint. And this is what happened also in the case of the recent price increases.

In conjunction with the price increases, of course, the trade unions must perform their dual task very deliberately and with a sense of responsibility. But what guarantees that they will do so? The fact that they maintain lively everyday contact with the masses numbering in the millions. The experience that the hundreds and thousands of trade-union officials gain daily among the masses enables the movement to correctly and realistically perceive the situation of the masses and of individuals. When the trade unions lend their support to something, or specifically when they express their reservations, they are able to safely rely on their knowledge of the situation.

The trade unions do not make their views public on every price increase. This is due to the fact that in our country annual national economic plans are adopted

regularly, and these already include the rates of the price and wage increases. In accordance with their social role, the trade unions participate in elaborating and debating the annual plans, and in the debate they naturally express also their standpoints regarding the price and wage increases. This is the manner in which decisions were reached also this year regarding wage increases for certain workers in the printing and mining industries.

The trade unions' acceptance of the national economic plan also means their concurrence with the rates of the price and wage increases as well. During the implementation of the plan the task of the trade unions is also to debate with the state organs the proposals for price increases, so that prices and wages may be in accord with the economy's performance if possible.

In 1982 this situation changed, because by early August it became necessary to raise prices in excess of the plan, to offset the generation of unplanned incomes. The state organs debated in due time also this measure with the trade unions. The trade unions took cognizance of the need to raise prices in excess of the plan, to maintain purchasing power and market allocations in equilibrium and to expand export, because external economic conditions and especially the conditions of financing became less favorable for Hungary than had been expected. We cannot dispense with import also in the future, not even from the non-ruble-denominated markets (although much more emphasis will be placed than previously on the factors of economization in the use of such import), although export to these markets will have to be accelerated. In view of the tense external economic situation, it was thus unavoidable to reduce domestic spending by means of price measures that will have a greater impact on the population's purchasing power than what was planned originally.

In accordance with their dual responsibility, the trade unions are not and cannot be opposed to every price increase, because this would conflict with the measures that the real situation requires. Therefore they concurred with specific rates of price increase already at the time of drafting the annual national economic plan. And this is why they are agreeing to the proposed and unavoidable price increases. But at the same time they deem it necessary that the state organs' proposals to raise prices be carefully thought out, and that efforts be made to provide as much relief as possible wherever the impact of a price increase on a given stratum or family is the most painful or perhaps unbearable. Such behavior stems from the trade unions' task of representing and protecting the interests of their members.

To Deliberate and Differentiate

Trade-union members will certainly understand that when the trade unions agree to price increases, they do so under the compulsion of the economic situation. But at the same time also the state and economic organs must understand that the trade unions' proposed modifications or opposition, and their comments intended to soften the negative impact of the price increases likewise serve the interests of society.

This is a complicated task that involves great responsibility. Therefore it is also necessary to better acquaint the public with the economic processes and the factors that influence our prices. Today even the average person is familiar with economic concepts and demands a meaningful explanation. If detailed

and complete justification is lacking, the average person will not understand the underlying reasons of the price measures. He will not identify with them because he does not understand their objective motives.

The trade unions' managing organs bear a great responsibility. They are aware that both the trade-union members and the state organs are in a difficult situation; and they know that, by intensifying their efforts to aid the economy, they are actually helping to prevent price increases. This is why they are aiding and urging economical production, more ample and better material supply, innovations, labor discipline, and greater responsibility for the work performed. But they also realize that at present it is not possible to give the workers more commensurately with their increased output, because the additional output is necessary to maintain the living standard! Under such circumstances the trade unions feel responsible also for acquainting the membership with the realistic possibilities of our economic situation. By making our difficulties and problems known and better understood, we are spreading among our members the realization that only better, more efficient and more conscientious work can help in these difficult times.

The trade-union movement shares in the responsibility to society for the future, but it is also responsible to the workers for the present. This two-sided responsibility is inseparable. The trade union must have an independent opinion not only on general policy, but on detailed questions as well. The trade-union locals also must have an idea of how to fulfill the tasks and alleviate or end the problems. From its material resources society is unable to give equally to everyone. This is why the local organizations must be able to devote closer attention to their individual members. They must find the ones who really need help. This is realistic, and this is why emphasis is being placed on aiding individuals. The trade unions want to do nothing less than to aid their members' work and life, and to alleviate the problems that make their work more difficult.

There is greater need now than before of the trade-union committees' assitance to ensure that shop stewards are more accessible and more sensitive to problems. Shop stewards must devote more attention to discovering personal problems and must provide initiative for resolving them. Everybody cannot receive or expect equal material recognition and equal assistance. If the person requesting assistance does his work well, the trade-union organ may propose assistance by improving his earnings and his related wage form. If the person requesting assistance is not outstanding in his work and is unable to increase his own performance, but assistance is still of vital importance to him, we should propose welfare assistance.

The essential thing is that the trade union must seek what it can do to promote the better, the more and the new, and at the same time it must find and aid in a differentiated manner those who are in need of assistance and worthy of it.

Better Work the Key to the Solution

The trade unions are doing much for whatever affects the living standard and influences favorably the situation of the workers and their families. They are helping to create a good atmosphere at the workplace, and to generate mutual respect and responsibility among the workers. They are aiding the acceptance and realization of the principle that everyone must do his work honestly

and well. The trade unions are conducting extensive propaganda work among their members to make them realize that maintenance of the living standard is everyone's personal responsibility, regardless of position or trade. Both trade-union officials and ordinary members must aid the economy's renewal through their meaningful work, which requires first of all honest effort of everyone. For them this activity represents the defense of our principles and of our proven political practice, based on the experience of the past 25 years.

The SZOT [National Council of Trade Unions] Presidium has been informed of the planned measures that are being introduced already this year--and mostly next year--in the interest of developing our economy, and which hopefully will prove effective in the development of our economic activity and production.

It is not a consolation but a fact that our economy remains viable. Not only has it been able to stand its ground, but it is characterized by progress in practically every area of socialism's construction.

On the basis of our results and better work, our country and nation will prosper.

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INCOME, CONSUMPTION, STANDARD OF LIVING VIEWED

Budapest FIGYELO in Hungarian 16 Sep 82 p 2

[Article by Dr Gyorgy Radnai: "Population Income and the Infrastructure"; passages enclosed in slantlines in italics]

[Text] One of the fundamental goals of the past decade's economic management practices was the creation of the best possible harmony between nominal and real processes. The socio-economic differentiating factor, the law of value, was realized through moving yet limited price fluctuations. The general aspiration is that prices develop according to the requirements of economic policy while population income and purchasing power regulations be based on the requirements of social policy.

A price policy better aligned to the regularities of supply and demand, even in view of its social effects, was achieved in the face of diminishing price supports. The relationship between consumers and producers became clearer and more unambiguous; the producer is becoming more interested in accommodating to consumer demands, which, in any case, leads to an improvement in the standard of living of the population and to more demanding and sophisticated changes in their consumption habits.

The more effective synchronization of market demands, the availability of a greater variety of necessities and higher quality services collectively serve to render recently grown /price level increases/ acceptable. Significant social problems were not caused by the fact that while price increases during the entire decade of the 1960's were rather low, price levels reached yearly increases of 5 percent in the past few years.

The /different components of real income/ grew at significantly diverging rates: social benefits were greater, while income from employment was less. As a result, income ratios derived from employment fell from 80.4 percent in 1960 to 66.9 percent in 1980; however, during this same time period, social benefits grew from 18.4 percent to 32.1 percent. Financial benefits were the most dynamic of all social benefits; their value, computed at a constant rate, grew by a yearly average of 8.9 percent over a twenty-year period.

The establishment of a more refined lifestyle and more civilized surroundings forms the basis of the maintenance and continued improvement of the attained standard of living. It has become clear that in the face of the presently attained level of goods supply, the population's demands and requirements are

shifting toward the higher quality elements of the necessary commodities scale. The solutions to housing, transportation and urbanization problems have increasingly come to the forefront and are becoming central social issues. It will also become apparent to the population that in order to fulfill these needs, the state and citizenry have tasks in common.

The Housing Problem

The past decades were characterized by the development of the infrastructure, that is, its institutional network and supply capability /grew continuously/.

We effected a differentiated development policy. We consider the improvement of the /housing supply/ as a priority task, principally by increasing its quantity together with its quality and the development of public utilities. Mass housing construction began in 1969 with the acceptance of the 15-year housing development plan. The number of completed housing units has grown significantly with every 5-year plan cycle. Between 1961 and 1965, 5.6 units were built per 1,000 tenants. This value increased to 6.4, 8.4 and 8.5 during the following 5-year plans.

Such economic policy conditions have developed and continue to develop that increase the interest of the population in the solution of the housing question and that promote the lessening of tensions between supply and demand. This already has perceptible results: between 1970 and 1980, approximately 900,000 housing units were built; the total area of housing units grew by 31 percent. In 1980 there were only 150 persons per 100 rooms as opposed to 200 persons in 1970, and the ratio of housing units with amenities doubled. In 1980, one out of four housing units consisted of three or more rooms while in 1970, only one out of ten did.

Despite the results, as a consequence of the partial continuance of central distribution shortages, social tensions have not completely disappeared; thus, with a more consistent application of the principle of economic reform, /housing management/ must also be further developed. The relationship between true value and cost must be better defined with regard to bearing the burden of the costs of acquiring and maintaining an apartment, the interest of the population in building private housing must be intensified and financial resouces must be mobilized. This makes it possible to maintain the pace of housing construction in the European forefront and to significantly lessen the tensions between demands and opportunities for satisfaction.

Other important causes, the developments which enrich the infrastructure (elementary schools, nurseries, construction of day care centers, expansion of services, etc.), could be enumerated, but though they were and will continue to be rather significant, the crucial "link" was and remains the housing problem.

The Proportion of Low Income Is Decreasing

Concurrent with the general increase in the real income of the population, the number of people with higher incomes grew and, in conjunction with this, the number of people with low incomes declined. Appreciable equalization also ensued within personal incomes derived from employment. According to the statistical analysis prepared for the year 1962, the monthly per capita income

was at least 1,000 forints for more than half the population. 34.6 percent had an income between 1,000 and 1,600 forints, and stemming from this, only 14 percent of the total population had a personal per capita income above 1,600 forints. The contemporary situation is well characterized by the fact that only 0.9 percent of the population commanded a monthly per capita income over 2,800 forints.

Grouping the population according to monthly per capita incomes, it could be well appreciated that the proportion of those with relatively low incomes declined significantly, especially in the 1970's. In 1972, 40.9 percent of the total population had a monthly per capita income of less than 1,600 forints; in 1977 it was already only 20.3 percent. The middle ground, the group whose per capita income is between 2,200 and 3,600 forints, became more numerous. The proportion of those at the beginning of the 1970's was approximately one-quater of the popuiation, while in 1977 it already constituted more than 40 percent. In addition, the proportion of those in the highest income levels also increased further, doubling in 5 years.

All these processes (variety and commodities expansion, limitation of forced savings, "disposability" of income, satisfaction of needs in a shorter period of time) are consequences of the planning system in as much as it is not compulsory /realized growth/ which was attained and the /emphasis was not on standardization but more on /the satisfaction of a differentiated necessities scale/ in consumption.

But /equilibrating mechanisms/ were also in force in situations where /they were unnecessary/ according to our plans (e.g., income derived from employment). Not until the requisites that earned income be spendable and that the supply be satisfactory to the demands of those capable of paying were more or less fulfilled did the well-being derived from work and the differentiations based on accomplished work become an organic part of everyday life. In certain situations, the surplus work performed in the state economy can only produce income at the price of the surplus work performed in the second economy.

Despite the political requirements and the significant expenses turned toward them, the equalizing mechanisms are /not/ appropriately /effective/ in the /socio-political/ sphere. Despite the increase in the proportion of social benefits (which are fundamentally related to the growth in the number of pensioners and the expansion of certain socio-political entitlement), the institutional system of the state was unable to completely satisfy socio-political demands. The lack of unified socio-political concepts, the alignment of social politics to economic policy and occasionally, the disharmony between the "announced" and "accepted" principles mirror the problems. The aspiration that "everyone should pay for what they utilize" and the redistributive social policy of the state should resolve (ameliorate) social inequalities; moreover, these should be supplemented by the satisfaction of basic health, educational and social needs of the population which are their due as citizens, until they function smoothly.

These three interconnected and complementary elements of income distribution policy are still at times in disharmony in income regulation policy; suitable practices for price and wage grants and tax distribution systems have not yet been developed.

Organizational Models

The reform of economic management raised the question of what organizational models, socio-economic activities and processes are suitable for the given level of the productive forces. The unilateral centralization discernible at one time had to be replaced by a decentralized organizational system expressing the variety of economic and organizational units and the merging and interdependence of small, medium and large enterprises. The socialist transformation of agriculture provided experiences of salient importance which proved that even among socialist relations of production there exist the possibility, necessity and justification for different types and sizes of organizations. Our efforts to diversify the organizational units were strengthened by the experiences gained from the international division of labor; our competitiveness also depends on a more flexible organizational system! For this reason, alongside socialist large-scale industrial organizations, smaller organizations have developed which were synchronized to the large-scale organizations and accommodated to their needs.

Hungarian economic management endeavored and continues to strive for the resolution of these problems and tensions with the dissolution of monopolies, the creation and strengthening of /competitive circumstances/, and, in general, the legalization of work done outside the state sector (with its control and financial-tax supervision). The functions of the small enterprises supplement the activities of the state enterprises and cooperatives and make possible the more effective and harmonious fulfillment of marketing requirements. The facts that in Hungary there are no food supply problems, there is a high level of meat, milk and vegetable consumption, product shortages and services are limited, and the adaptability of supplies is improving are not the least due to the small enterprises whose surplus activities are stimulated by surplus income.

The goal of economic management is to /insure maximum economic momentum/. In the interest of this, socio-economic management deals with the development of specific economic inequalities; social policy moderates them from becoming social inequalities. This, the conditions for the integration of economic management into social management are in the process of emerging. This integration must be borne even if [illegible]m develops in such a way that it could contradict economic management [illegible]onomic policy, in specific instances. The direct goal of economic management is not the suppression of conflicts (this is the goal of social management and politics), but exactly the opposite: to enable the emergence of, to make it evident that "someone" (group or stratum) always rises through his well-deserved work and as a result, there is an increase in income differences. Without a doubt, the exposure and surfacing of contradiction is a daily task. However, this is the only method of ascertaining the tensions /in time/, and to take the necessary and from a social viewpoint, the justified measures.

9956
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MARKET FORCES STILL INSUFFICIENT IN DOMESTIC INDUSTRY

Budapest HETI VILAGGAZDASAG in Hungarian 28 Aug 82 pp 26, 27

[Article by Agnes G. Barta: "Domestic Cooperation. A Tiger-Loop"]

[Text] Cooperation among our domestic enterprises is a game of cat and mouse. Our smaller enterprises are anxious to get into favor with so-called sole manufacturers occupying positions of monopoly, so that they can make punctual deliveries of suitable quality products to their customers. In the meantime the game of tag between the big and the small is turning into an increasingly "bloody" struggle.

"Hungarian industry is capable of producing products that are competitive even on the foreign markets but it has to compete on unequal terms: while the Western firms prepare at the start in their swimsuits, we show up wearing winter coats." This observation comes from Attila Koszovacz, chief production engineer at the Electrical Equipment and Appliance Works (VBKM) plant. The winter coat comparison is supposed to be a characterization of our industry's cooperative relationships. He gives an example to prove his point.

"We are producing high-voltage circuit breakers on a license from the Belgian EIB firm. These require a certain type of high-density aluminum alloy, which must be cast in a highly refined form and be heat-treated according to a precise technology. Since we were unable to find a bigger contractor, until recently we had the Qualital firm of Apc produce the alloy for us. Now, even though it operates under--to put it mildly--less than perfect technological conditions, the contract for production has been assumed by a cooperative from Hajdusamson. We were forced to accept the offer because we could not stop production of the circuit breakers. Recently we got to the point where of the 1,300 pieces of the two types of aluminum alloys produced during the year, not one was of proper quality; in other words, we were unable to use them. So we have looked around for someone to cooperate with on the domestic market. Large-scale enterprises were out of the question because the small quantity and precise technology scared them away. Therefore we have been forced to import. Now we are negotiating with the Alumina Factory of Ajka and it looks like they will be willing to cooperate with us if we agree to provide some money to help establish the necessary conditions for production."

Although sole manufacturers were eliminated nearly 10 years ago, according to our enterprise and industrial leaders nothing has changed in practice. Our large-scale enterprises are in the same monopoly position; the basic materials and parts necessary for cooperation are still produced by only a few firms, which means that user demand is always greater than what the large-scale enterprises can deliver. In other words in industry, just as in domestic trade, supply is seldom adjusted to user demand; the customer must run around and beg. Consequently the sole manufacturer can choose and produce the easiest-to-make and the least expertise-demanding products. Behind this rationale is the fact that we have few good experts and professional standards are declining.

Our enterprises are anxious to drum up as many export orders and Western cooperation for themselves as they possibly can. They are using all their available capacities to satisfy their own export needs and, despite contracts and promises, only belatedly, if at all, deliver to their Hungarian partners. The chief production engineer of VBKM also told us that most of the tools that they use to produce their end product usually take three years to certify. "And this is if we are lucky, because with many firms we never even get to the point of signing a contract. They do not even acknowledge our application. Since we must have some kind of a production method , we have been forced to prepare a production plan based on the principle of progressive programming, which is constantly monitored; in case production must stop for lack of parts because of our production partner, we put the product into our semifinished goods warehouse and wait." To the question of whether they have tried to calculate the losses thus caused for the enterprise, the chief engineer just waved in disgust, saying that figuring how many millions late and poor-quality deliveries are costing us will not help us get ahead. All we can do is sue but this would not get production moving. This is how technical managers turn into acrobats, because of the tiger-loops we are constantly being forced to perform. We cannot send our workers home just because we have no parts, yet the enterprises are expected to produce profitably.

Lorant Szendroi, trade director of the Hungarian Aluminum Industry Trust, took a theoretical approach in addressing the question of domestic cooperation among Hungarian enterprises. According to him, until recently, when the Ministry of Industry was established, product development was the prerogative of the various ministries; the enterprises merely implemented their decisions. We had a planned distribution-based economic system in which our large-scale enterprises did not deal with one another; instead, they were carrying out the directives of the Planning Office. As a result, we were forced to shift to a so-called stopgap market economy, in which the customer was despised and only palm-greasers and people with personal connections were taken seriously. In the meantime we neglected to develop our infrastructure and there were only sporadic campaigns aimed at solving the situation in stockpiling and material handling. One reason why finding binding materials and bolts in Hungary was such a problem was because everybody was end-product oriented. Our enterprises wanted to put as many products on the market as they could, which often led to the production of unprofitable and obsolete products.

Today only our large- and medium-scale factories are able to make punctual deliveries of reliable quality products to both their domestic and foreign customers, because they are prepared to produce all the parts and elements required for their products.

We also need changes in pricing and taxation if we want cooperation to be a truly useful form of collaboration instead of a source of irritation and losses. As Attila Koszovacz put it, "our economy is cumulative production value-oriented; in other words, the enterprises cooperating in producing the end product are interested only in increasing their own profit, which means that the price of the end product is disproportionately high and the buyer must pay for it." According to Lorant Szendroi, in order to change this, domestic prices would have to have the same effect on the producers as foreign markets do. For whatever reason, if the enterprise is unable to produce a competitive product, it can shut its doors. Similarly, only market necessity can force our domestic enterprises to engage in quality cooperation.

9379
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DOMESTIC INTEREST RATE POLICY EXPLAINED

Budapest NEPSZABADSAG in Hungarian 29 Sep 82 p 10

[Article by Dr Andor Gellert, main department chief of the Central European International Bank Corporation: "International and Domestic Interest Rates"]

[Excerpts] Hardly a day goes by without the press, radio or television discussing international financial questions. The prolonged depression has caused high unemployment in the capitalist real economy and increased the inventories of unsold goods; consequently plants are operating at 50 percent or less of capacity. On the other hand, the financial situation is likewise not so rosy: a number of countries are on the brink of bankruptcy and are forced to request a rescheduling of their debts. Most recently Mexico requested rescheduling, and the deep concern this has caused in banking circles has still not ceased. The effect of this difficult world-market situation does not stop at national or social-system boundaries: it is hampering the economic growth of also the socialist countries.

An Instrument of Economic Policy

High interest rates afflict the developing countries even more. Just imagine: Brazil's foreign debt exceeds 60 billion dollars. When the dollar's interest rate is 20 percent a year, Brazil must pay 12 billion dollars a year only in interest, about one-half of its export earnings.

Persons not working in international credit transactions or in import and export are usually accustomed to loans at fixed interest rates (as depositors, or as cash-loan or commodity-credit borrowers). On international money markets, however, interest rates now change very frequently. Since the beginning of the 1970's the world has had to become acquainted not only with creeping foreign-exchange rates, but also with floating interest rates.

These are the general interest conditions on nonsocialist money markets, even for intermediate or long-term loans. Except for the interest payable in the first 3 or 6 months, the borrower actually does not know how much the loan will cost him in the end. He can only draw uncertain conclusions from the rising or declining trends of the interest rates.

Domestic Conditions

Even now the socialist planned economy is based on fixed interest rates. For the enterprises the Hungarian National Bank provides state (development) loans, short-, intermediate- and long-term investment credit, and circulating-capital

credit under the conditions specified in the government's credit-policy directives. The government sets the interest rates for such credits in accordance with its economic-policy objectives, and the president of the Hungarian National Bank publishes these interest rates in the official gazette. Since the interest rates payable by enterprises will be raised 2 percentage points as of 1 October 1982, the highest domestic interest rate will be 15 percent a year; and the lowest, 10.25 percent. (In the case of credits for the expansion of export, the Hungarian National Bank refunds a substantial proportion of the interest payments.)

Admittedly, the internationally rising costs of money are compelling the government to raise interest rates from time to time. But the interest rates are still fixed rates, and not variable or floating rates, because the Hungarian National Bank does not change the interest rates daily. But the fact remains that when interest rates change, as they will now change effective 1 October, the higher interest rates apply also to the unpaid balance of loans contracted earlier.

Thus up to now the interest rates on the money markets have not cascaded into the Hungarian economy directly and immediately, but the permanently high level of these interest rates obviously forced upward the Hungarian National Bank's interest rates, because Hungary too has borrowed from Western banks. Experts are now debating whether the domestic interest rates should be adjusted more frequently to the international money-market rates in the future, and whether to establish a system of interest rates geared to the foreign interest rates, in the same way as our price system is geared to the world-market prices. A certain justification of this proposal is perhaps conveyed also by this article.

Today the Hungarian economic organs encounter floating and variable interest rates only on their convertible-currency investment credits from the Central European International Bank Corporation for the expansion of export capacity, and on their circulating-capital credits in convertible currency against on-board bills of lading in the case of exports. Such credit operations are not too frequent, and their significance lies primarily in that they enable many external economic experts to become familiar with the new techniques of money-market interest rates and become accustomed to work with constantly varying financial conditions in international trade, in the same way as their foreign competitors are doing.

What the Future Will Bring

So long as the leading capitalist countries--and the United States in particular--are unable to permanently reduce their rates of inflation, we cannot expect a permanent decline of interest rates. And until interest rates decline, parallel with an improvement of many other factors, there can be no end to the recession in the capitalist world. The high interest rates--i.e., "expensive" money--have driven many prominent international corporations, and many less known companies as well, to the edge of bankruptcy or into bankruptcy proper. These are difficult questions of the world economy's present situation.

We cannot be merely passive onlookers while all this happens. In the final outcome only a halt to the growth of our foreign indebtedness, and then its reduction and the restoration of equilibrium can protect us from the present high money-market interest rates that unquestionably demand sacrifices. In practical external economic work it is essential to become acquainted with the nature and techniques of such interest rates, because a better understanding of our competitors' conditions enables us to streamline our offers and to strengthen our marketing position.

1014
CSO: 2500/4

BUSINESS OPERATION BY CONTRACT GAINS GROUND

Budapest FIGYELO in Hungarian 23 Sep 82 p 9

[Article by Dr Erno Herner: "Contractual Operation Is Good Business"]

[Excerpts] The regulations concerning introduction of the new forms of operating commercial businesses were issued 2 years ago, and the first businesses operated under contract were opened a year and a half ago. The changeover is proceeding as planned.

The number of businesses operated under contract as of 30 June 1982 was 7.5 percent of the total number of retail units. Within this, every fourth restaurant, diner, sweet shop, and espresso shop is operated under contract.

The rate of changing over to contractual operation has gradually accelerated. In each quarter of the last year and a half 50 to 80 percent more stores were transferred to the enterpreneurs than in the previous quarter. This July, this operating format was introduced in an additional approximately 500 stores, and during the months of July and August the commercial enterprises and cooperatives were looking for enterpreneurs to take over an additional 1,500 stores.

This year the changeover accelerated also at the AFESZ's [General Consumer and Marketing Cooperatives] and at other cooperative economic operating organs. In the first half of the year, 877 cooperative stores began to operate under contract, more than in the entire previous year. In cooperative trade the balance is better between contractually operated retail stores and eating establishments. Half of the stores operating under the new format, and 28 percent of the catering units belonged to cooperatives at the end of the first half year.

The gradual changeover is justified by the time the enterprises need to make the necessary preparations, technical implementation of the change of hands, and gradual awakening of the enterprising desire.

There is no change in that most transferred stores are catering units. Total sales of these reached 18 percent of the total restaurant income in the first half of the year, even though they employed only 10 percent of all employees of all restaurants.

The paid-in profits of contractually operated restaurants is very favorable. According to the 1982 midyear report's data the profit of contractually operated units is 500 million forints. This is the same as the profit of the traditionally operated stores which employ 90 percent of the employees. The operating profit of contractually operated stores is 16.6 percent of the net sales, while the same index for traditionally operated stores is only 2.7 percent. (In filling out the report forms—for example in the accounting of renewals of transferred stores--the economic operating organs did not use a standardized procedure. But this distortion does not basically change the profit ratios.)

Increasing Enterprising Spirit

The catering enterprises supervised by the capital city council and megye councils--where open-cashier operation must be terminated by the end of this year--have already transferred most of their units to contract store managers. In this "sector" the reported sales of contractually operated stores exceeds one-third of total sales. And at the Hajdu and Bekes megye catering enterprises more than half of the sales income is derived from contract stores.

The changeover is slower in retail store sales. Even though the 1,063 contractual stores are not to be belittled, this is only one-sixth of the total number of stores planned for transfer between 1982 and 1985.

Enterprising desire has increased in recent months. A higher ratio of the advertised stores is being transferred.

Eighty percent of the contract stores are grocery stores. Most applications were for takeover of general grocery stores, fruit and vegetable stores, and butcher stores. Very few people volunteered to operate grocery stores on contract in the capital city--primarily because of the manpower shortage and the unfavorable situation of the stores.

The number of contract stores selling industrial goods is also small. At the end of the first half year there were 61 clothing stores and a total of 181 chemicals, hardware, technical, cultural goods, tobacco, gift, and other industrial goods stores operating under contract in the country.

In retail grocery trade more stores were not transferred due to the lack of applicants, while the enterprises maintaining the industrial goods stores did not even announce a larger number of units available for contractual operation. The prime reason for this is--and this in part also applies to the grocery retail enterprises--that the small units under consideration have no significant role either in sales volume or in profits, the large stores are definitive in all respects. They can "tolerate" the low results of the small stores. Presumably it is also related to this that at a number of AFESZ's--which can not "exist" without small stores--more work is being done to popularize the contractual format.

Lack of knowledge of the people in retailing about the essence and operating mechanism of the new format continues to be a problem. Many economic operating organizations do not make the proper effort to thoroughly prepare, educate, and train the potential contractual store managers.

And education and information about the operation of contract stores, and about the essence and conditions of the undertaking are indispensible.

Faster spreading of contractual operation is hindered by the fact that the managers and fellow employees of certain enterprises and economic and social organs do not adequately support it. It even happens on rare occasions--and this also reflects the lack of understanding--, that some people try to blame the existing supply and retailing problems on the new operating formats.

It is noteworthy that among the stores with larger sales and significant inventories relatively few are being operated under the contract system. At the beginning of this year the average number of employees in contract stores was 1.3. I do not have the 30 June data available, but according to various sources of information there is no significant change in this. One of the reasons for this is that the economic operating organs have so far been announcing mainly one and two person stores.

At the same time, it is also a fact that often there were no applicants for the larger stores offered. Many people were afraid of the risk of stores with annual sales of 8 to 10 million forints and inventories of a million or two million forints. These units require greater preparation, and there is no doubt that along with the possibility of greater profits there is also a significantly greater risk. The problems are solved easier and risk is also divided if several professionals take on the job together. We see this only rarely, as people working in the retail trade generally do not like to form civil legal partnerships to take over a contract store.

In taking a balance of the last year and a half, it can be concluded that contractual operation having passed the stage of initial difficulties has begun to grow. The network of several thousand stores that handles several billion forints in sales can no longer be considered an experiment, but rather, a significant format for providing supplies to the population.

8584
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ECONOMIC TOOLS FOR STABILIZING ECONOMY ADVOCATED

Warsaw ZYCIE GOSPODARCZE in Polish No 34, 12 Sep 82 p 8

[Article by Ryszard Cwiertnia: "The Tool of Stabilization. Mutual Planning"]

[Text] Apart from discussion, there is surely the conviction that the new system of planning should be a compilation of indirect methods, implementing with the aid of economic tools; definite policies calculated to achieve fixed socioeconomic goals; as well as of direct methods employed in the area of structural conversion of the economy through the development of new spheres of production, and the assumption of large investment undertakings which enterprise is reluctant to accept on its own initiative. In view of the statutory resolutions on socioeconomic planning, the construction of the central planning system implementation of the resolutions of legal regulations is confronted along the way with a very specific (and difficult) economic situation in which definite social and economic problems are to be solved.

Work continues on the Socioeconomic National Plan for the years 1983-1985, as well as the Central Annual Plan for 1983. These plans should become an active tool in stabilizing and transforming the structure of our economy. Let us consider which are the essential conditions, so that the central plans might fulfill the hopes vested in them in the approaching years, and by the use of which tools can the goals set out in the plans be attained.

In my opinion the conditions for the effectiveness of central plans for the period of time indicated are the following:

--elaboration on the real prognoses for the production of basic raw material and materials (industrial and agricultural);

--establishment of a real concept of trade turnover, including foreign, and determination of the level of raw material purchases and materials centrally imported;

--undertaking of decisions regarding new central investments, as well as restricted investments and determination of the influence of these decisions on production and consumption of the materials mentioned above;

--determination of which productive facilities will be immobilized by virtue of raw material and materials shortages, and how (when?) to active them;

--unequivocal establishment of areas of production and the methods of central planning in this sphere;

--designation of changes in the structure of diversified production of industrial manufacturing outside of the protective area, as well as the remaining elements of effective transformations to the mechanics of the economy.

Without finding correct proposals to solve, in terms of economic reform, the aforementioned problems of establishing and designing a plan to start in the first planning cycle, a suitable foundation for the construction of a real and effective plan will not be possible.

However, let us return to the problems which have been designated as fundamental, and let us consider the possibilities and means of solving them properly.

Basis for Stabilization and Development

The starting point for the plan should be an adequately precise recognition of the possibilities of supplying the economy with the basic raw materials from domestic production and from imports. The production capacity of the mining industry and introductory manufacturing, as well as their changes are fairly well known on the central level. Also known are the factors which improve and limit the tempo of their production, as well as the qualitative (diversified) gaps in the program production. The status of agricultural production is somewhat more difficult, but even here the forecast is adequately known and accurate. Thus, planning over the short and intermediate period of time does not present serious difficulties here, and in the absence of greater risks, it can be assumed that the national economy will be interested in--apart from thrift--increasing production of basic raw material and other materials. In conjunction with this, the plan for the years 1983-1985 should extend priority exclusively to these spheres of productivity, and to a certain extent must decisively regulate:

--investments in newly started centers;

--allocation of investments for exploitation;

--remedies for the income tax policy (tax relief) leading to growth in labor efficiency and to full employment;

--remedies for financial policy (credit interest, tax relief) leading to an increase in enterprise's capital for development;

--amount of objective subsidies for the units of production in case standard prices fail to cover the cost of production;

--remedies for income policies (credits, tax relief, prices) to encourage the development of production;

--quantity of imports to supplement domestic production.

A plan thus formulated, supported by an honest familiarity with production possibilities, would be the foundation for the oncoming part of a proper balance of materials. The principle should likewise be embraced that requires the level established in the balance of supplemental imports to be reduced only of capacity exceeding those in the domestic plan of production. This would facilitate lasting economic stabilization, because of its implementation in the first phase of production. Consequently, in case of failure to achieve the assumed level of production, domestic reserves or increased import could be activated.

The actual balance of basic raw material and other materials should be the basis for solving the problem of the immobility of productive capacity and their activation schedule.

Decisive Components

Our ties with the world economy are significantly stronger than is indicated by the measure of our participation in the turnover of world trade. This applies not only to industry (although it is here the largest), but to the entire economy. The absence of a truly adequate foreign trade plan, therefore, prevents the creation of a logical economic plan, and also the possibility of a change in the direction of imports, inasmuch as imports include many basic materials for which there is a lack of domestic substitutes.

The matter reverts to the balance of payments and the payment of our debts. It is evident how difficult this problem is; however, this is not the place to complain, but rather to find those solutions which break the deadlock and create conditions for the relatively normal organization of work in the economy. Solutions such as these must be found, because there really is no alternative--no one will release us from our debts and no one will pay them for us. Our creditors in due course will also understand that the only way to regain credibility rests in the creation of the right Polish economic labor conditions. Coming into play, of course, are two traditional directions of activity, an increase in exports and a limitation on imports, as well as one "new," expansion of cooperation with the CEMA countries.

A starting point for the foreign trade plan must be a solidly founded export plan. An unreal exporting level is a disorganizing economic factor, for it creates fictitious import goals upon which, after all, the production plans for many products are based, as well as those scheduled for export.

It appears that foreign trade enterprises should propose initial quantities of various proportions to the projected central plan. They should include the export of basic raw material and other materials in natural units. After establishing the quantity of exports in the plan, this quantity should be treated as the maximum, to be surpassed only in the event of sustained increase in production or thrift in consumption. This proposition consistently leads to the stabilization of the supply market which decides the possibilities of satisfying others.

The planned export of manufactured industrial products not included in the list of basic raw material and other materials should be supported with

economic incentives. Incentives must, however, be included in the binding statutory economic system of enterprise.

There yet remains the question of implementing international agreements which will enter naturally into the central plans. With the export of raw material and other materials included in the turnover monopoly, there is no difficulty--it will be found in an adequate balance, and the proper trade enterprise will remain obliged to negotiate contracts. Somewhat more difficult is the implementation of agreements for the supply of manufactured industrial products, especially electro-mechanical, such as undercarriages, spare parts, etc. In compliance with compulsory regulations, these supplies can be covered by binding agreements. Enterprise should approach actual producers with suggestions to negotiate such agreements, while the founder's bureau (the minister, governor of the province) can intercede only in the event of apparent precontractual disputes.

The established level of exports, with regard to the variable situations in the remaining balance of payments positions should become the basis for the import plan, designating a limit on the size of purchases.

In the sphere of material production, there is proposed primarily the continuation (and improvement) of linking the level of imports introduced during the current year to the quantity of exports, and hence to the lowered foreign exchange rates, the right to which every exporter should have. For this purpose the plan should provide for a pool of foreign exchange funds that is not subject to blockades. It is important that exporting enterprises consider themselves authentic managers of their foreign exchange accounts.

A second import pool, easier to regulate but impossible to relate to export, is the import of raw material and other materials not manufactured in the country or unavailable in sufficient quantities, but indispensable to the operation of the economy or society. These are exclusive or supplemental imports included in the list of basic raw material and other materials centrally balanced and included in the turnover monopoly. The planned quantity of these imported products, in natural units, should be maintained regardless of eventual price increases.

In conclusion: in the field of foreign trade, the central plans independent of synthetic turnover balances should determine:

--commitment of foreign trade enterprises emanating from negotiated international agreements;

--parameters or principles of established foreign exchange rate reductions for import purposes;

--quantity of raw material and other materials exported and imported included in the turnover monopoly;

--preferences, e.g. income tax relief for the exporting trade;

--rates changes in tariff;

--level of foreign exchange rates;

--principles of exports balancing.

The central plans in the field of foreign trade encompassing the above mentioned information and decisions could provide enterprise with a direct accounting of financial results at that point in time when their own plans are being formulated. This would be a fundamental change in financial planning in enterprises and would place this planning in actual position, and the implementation of numerous investments, classified into three groups, would be restricted:

--investments which will be implemented at a later time in compliance with their projected designation;

--investments for later implementation, but requiring project changes;

--deferred investments.

Investments in the first group are of most interest to the central organs of planning, because in them significant outlays are immobilized, and each shift in their completion schedule increases the collective building cost. Thus the central plan should specify the individual time limits for resumption and completion of work, new construction costs, and launching production. A similar situation should have a place in the second group of investments, even though the time limit for the resumption of work in many of them may not fit into the plan for 1985.

In spite of a very tight situation in the field of investments, one should not imagine that any new central investments can be undertaken until the end of the present 5 years. Development processes will not sustain such interruptions, and if the plan does not anticipate them--reality will correct it with damage to the plan. Accordingly, the 1983-1985 plan should specify the newly initiated central investments, the time of their initiation, the amount of capital outlay, etc.

Central investments cannot exhaust the investment program; enterprise investments must rely on their own financial resources and banking credits. This is a condition for maintaining the existing level of productive capacity, as well as its adaptation to the necessity of adjusting the diversified program of production to changing external conditions (e.g. supplies), and to the demands of the mechanics of the economy. In dealing with the situation presented in the field of investments, the central plan should provide:

--a record of newly launched central investments with some indication as to their starting periods, the building cycle, amount of capital outlay and any other, and also the sources of financing;

--a record of continuous central investments, their time of completion, amount of capital outlay, the time involved in achieving project production capacity, etc.

--the amount of investment outlays implemented by units falling within the territorial authority of the organs of national administration;

--total amount of credits; investment and sectional (or trade) according to national economy classification whose distribution will be managed by the National Bank of Poland [NBP] and The Food Management Bank [BGZ] for supplemental financing of the investments of enterprise and individual businesses.

--the rate of interest on investment credits depending on the policy of preference or restriction on various courses of investing, length of investment cycle, etc.;

--estimated amount of investment outlays by financial enterprise using their own funds in sectors, trade and eventually in the trade of the national economy.

Such a construction of the investment plan should start the process of change in the ratios of capital outlays with the goal of increasing the amount of investments independently assumed by economic organizations, as well as to guarantee a desired level and structure of investing consistent with goals agreed upon in the plan.

Production investments are succeeded by a twofold, generically variable contact with the sphere of material economics: they summon the needs for materials and of vehicles investment; likewise, in the launching stages of production, they create an increase in the need for raw material, other materials and energy for production purposes. The centrally balanced allotment of raw material and other materials, which are indispensable in launching productions as the result of central investments, must be considered in the actual balances. Information regarding this should be directly provided by the investors.

An Urgent Necessity

One thing is certain: in producing a specific quantity of goods, depending on the availability of material resources, in a minority of enterprises we are producing them more economically. Hence the suggestion that in absolutely obvious situations one cannot close one's eyes to reality, and decisions should be adopted for the common good to halt production temporarily in certain enterprises, institutions or departments. In extreme cases of technologically backward enterprises or certain production processes, it is necessary for these same reasons to undertake decisions to halt production definitely.

Of obvious consequence is the necessity for a discerning analysis of the economic and social situations, arising from restrictions on some production, but these problems should be resolved within the framework of the central plan with allowance for social consultation. Thus the central plan for the years 1983-1985, with the support of appropriate balance in raw materials, other materials, and energy as well as with a knowledge of technology and manufacturing costs, should specify:

--enterprises (institutions, divisions), in which production becomes periodically restricted, as well as the duration of their inactivity;

--enterprises (institutions, divisions, processes), in which production is to be completely canceled, and the assets used for other purposes or liquidated.

Such a procedure is in many instances the order of the day, and should be decided administratively. In more complex instances, under existing possibilities of finding substitute materials or sources of supply outside of balances, changes in the diversification of manufactured products, etc., can be left to the mechanics of the economy and the reform procedure, and hence to solutions without participation of central decisions.

Protected Production

The experience of this year's central planning of protected production provides no basis for satisfaction. Planning with the aid of operational programs was not controlled to a satisfactory degree. However, should a conclusion be drawn that this is an inadequate method?

It appears that there is no need of seeking another method, and it is worthwhile to concentrate on the mistakes committed and draw conclusions. They are:

--reduce the number of programs in operation;
--minimize the number of products on their agendas;
--assure an objective priority for providing the production of these products;
--assure production profitability.

The purpose of isolating the sphere of protectionism should be the assurance of a production level of basic products which will satisfy social needs according to a preestablished degree; or assuring some economic spheres with supplies of those resources which create the developmental conditions for their production. Departing from a goal as specific as this, it is suggested that the number of operational programs be limited to the following:

--an operational program for the food economy incorporating the production of basic machinery and tools, as well as fertilizer and methods of plant protection for agriculture, and likewise selected machinery and equipment for the food industry, e.g. for preservation;

--an operational program for the economy of raw material-energy comprises the production of basic machinery and equipment for mining and energy, the production of energy cable;

--the program on health protection comprising the production of a basic set of medicines and the most important means of personal hygiene;

--the program providing for children and youth, specifying the production of clothing, shoes and school aid;

--the program for producing work and protective clothing comprising a full assortment of products.

The number of products comprising the operational program should be placed at 500-1,000 entries (this number is a very close estimate) for the purpose of facilitating the steering of their production.

How to assure priority in providing the production of these products? A pass opening the door to the supply turnover of monopolistic enterprise should be the agreements negotiated between the producer and a specific unit of turnover ordering the product agreed upon in the operational program. An agreement for supplies negotiated by the producer and the consumer would be the foundation for negotiating an agreement (the receipt of allocation) by the producer with the supplier of raw material or other materials. There remains the problem of the quantity of ordered materials, as well as of their utilization in accordance with the intention of the central plan. Contrary to appearances, it is not difficult to solve this matter, because here we do not approach an unknown area. The producers and their supplies generally remain together in permanent long term relations and know each other well; they know their possibilities, the unit norm of consumption, production cycle, stock, etc. An unjustifiable overstatement of an order is hence difficult.

Another possibility for control also exists: through the implementation of orders through productive enterprise. Thus, the market trade enterprises or other consumers can, in case of delays in providing supplies, notify the supply turnover enterprise. A signal such as this can be the basis for withholding subsequent consignments of raw material or material supplies from producers who do not honor agreements to produce and supply the products included in the operational programs.

Mechanics of Economy

Possibilities for changing the economic structure in the approaching years through central investment decisions are very limited. Hence, economic tools should play a larger significance in the field of economic selective development. With their aid, one ought to recognize what we can attempt to produce well and effectively and what we make badly and uneconomically. An account of the economic effectiveness and the trend toward maximizing the effectiveness of enterprise should give impulse to changes in the diversified structure of production. Analyses in this area should provide answers to the questions: What products should be developed? What products should be modernized structurally and technologically to achieve true technical standards and production profitability? Production of which products should be canceled?

Analyses of this nature, combined with a study of demand and production capabilities, should be transformed into a long term program of endeavor, and next into a precise plan of activity for enterprise in the years 1983-1985. Coordination of trade intentions would be desirous in the framework of the unions of producers in individual trades. Obviously these activities cannot provide radical results in a short period of time--this surpasses physical possibilities of even the most efficiently functioning economy--especially, since the production scheduled for cancellation will often not be able to be replaced with imports.

The main direction of activity of the mechanics of economics in the present period is technological-organizational progress, leading to the introduction of construction-technological changes which cause a decrease in material outlays, lower cost of production and an increase in production volume. During the course of the approaching years, the motivation system in enterprise should

be directed toward these elements of progress. Separately they are not very attractive, but it should be remembered that economic life consists of a mass of little elements which qualitatively form a definite whole. The more limited the possibilities of directly shaping the economic structure through central investment decisions, the greater the emphasis which should be placed on the economic tools of self-regulation. Reserves in the areas of construction, technology, organization, production processes, organization of the entire economic life often surpass the ability to comprehend how they reached such an accumulation. The time has arrived for work and honest payment for its results.

If we do not get rid of the fear of paying highly for high results of labor, the system of motivation will not liberate all the possibilities which lie in the engineering, economic and labor cadres, and actually in this massive release of innovative initiative lies the hope for a rapid exodus from crisis. To do this, there is a need for brave people on the regulation side of the system, as well as on the side of direct implementation.

9951
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SPECIAL CURRENCY EXCHANGE RATES PUBLISHED

Warsaw TRYBUNA LUDU in Polish 11 Oct 82 p 7

[Text] Announcement of Exchange Rates Table No 41/82, effective 11 October 1982, by Stanislaw Majewski, president, Polish National Bank, on 11 October 1982.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments remain unchanged.

In purchase of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,821.60 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries]

[Table on following page]

Exchange Rates Table No 41/82

Country	Curr Symb		Currency	Foreign Exchange Purchase 4	Foreign Exchange Sales 5	Money Purchase 1	Money Sales 2	Average 6
Saudi Arabia	771	1	rial***	25.34	25.60	--	--	25.47
Australia	781	1	Aust. dollar	82.29	83.11	81.05	84.35	82.70
Austria	786	100	schillings	485.04	489.92	477.73	497.23	487.48
Belgium	791	100	francs	175.66	177.42	173.01	180.07	176.54
Denmark	792	1	kroner	9.75	9.85	9.60	10.00	9.80
Finland	780	1	markka	17.87	18.05	17.60	18.32	17.96
France	793	1	franc	12.08	12.20	11.90	12.38	12.14
Greece	724	100	drachmas	120.31	121.51	104.27	123.33	120.91
Spain	785	100	pesetas	75.93	76.69	74.78	77.84	76.31
Holland	794	1	florin	31.20	31.52	30.73	31.99	31.36
India	543	100	rupees***	896.73	905.75	--	--	901.24
Ireland	782	1	pound***	116.21	117.37	--	--	116.79
Japan	784	100	yen	31.75	32.07	31.27	32.55	31.91
Yugoslavia	718	100	dinars	179.72	181.52	155.77	184.23	180.62
Canada	788	1	Canad. dollar	70.36	1.06	69.30	72.12	70.71
Kuwait	770	1	dinar***	297.99	300.99	--	--	299.49
Lebanon	752	1	pound	16.80	16.96	16.54	17.22	16.88
Libya	651	1	dinar***	294.07	297.03	--	--	295.55
Luxembourg	790	100	francs	175.66	177.42	173.01	--	176.54
Norway	796	1	kroner	12.43	12.55	12.24	180.07	12.49
Portugal	779	100	escudos	98.60	99.60	85.47	101.08	99.10
FRG	795	1	mark	34.10	34.44	33.58	34.96	34.27
United States	787	1	dollar*	87.16	38.04	85.85	89.35	87.60
Switzerland	797	1	franc	39.56	39.96	38.96	40.56	39.76
Sweden	798	1	kroner	13.84	13.98	13.63	14.19	13.91
Turkey	627	100	pounds	53.31	63.85	46.21	54.65	53.58
Great Britain	789	1	pound**	146.79	148.27	144.58	150.48	147.53
Italy	799	100	lira	6.07	6.13	5.26	6.22	6.10

*Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey.

**Valid also in clearing accounts with the following countries: Nepal and Pakistan.

***The Polish National Bank does not purchase money in these currencies.

CSO: 2600/36

FINANCING JOBS FOR RETURNING WORKERS

Zagreb DANAS in Serbo-Croatian 31 Jul 82 pp 14-16

[Article by Milivoj Pasicek]

[Text] Return to Uncertainty; the foreign exchange savings of workers abroad are still dead capital. Why?

Many of the nearly 674,000 Yugoslavs holding temporary employment abroad are threatened with the loss of their jobs, for unemployment in the highly developed lands of Western Europe is posing a serious threat. That means that as soon as tomorrow, many returning workers could be knocking at the doors of Yugoslav factories. Yet the situation here is not glittering. It is calculated that at present about 860,000 Yugoslavs are seeking employment or at least are included on the lists of those who want jobs. On the other hand, the most recent figures indicate that there are only about 75,000 unfilled jobs in Yugoslavia.

What then can our workers hope for when they want to return home, and what about those who have no choice. What awaits them in the home country, in the opstinas from which they went out into the world and to which they want to return? How can programs be established for the gradual return of our workers from abroad and their employment? What is happening with the development of small businesses? What tax and other inducements are being provided to encourage the opening of craft shops? What does agriculture offer? How well are our country men informed about all this?

In order to answer these and many other questions that Yugoslavs in Western Europe are ever more frequently occupied by in this time of economic crisis, let us first look at certain numerical indices and analyses. First, it is worth noting that our countrymen working temporarily abroad form a very important part of the overall number of employed in Yugoslavia, amounting to about 11 percent. According to research by Dr Ivo Baucic of the Center for Studying Migration in Zagreb, those abroad earn on the average three times as much as the average income within the country. They bring significant foreign exchange into Yugoslavia: in 1980 alone their foreign exchange deposits in the country totaled 4.8 billion dollars, or about 26.7 percent of the total Yugoslav foreign exchange income. In Yugoslav trade with foreign countries, that money covered fully 95 percent of the foreign exchange deficit.

Programs of Measures Suppressed

Since with the years the number of Yugoslavs employed abroad has continued to rise, and along with them various problems have also grown, together with the overall development of Yugoslav society changes have come in our policy toward that migration, which forms an important facet of the social, political and economic life of Yugoslavia. The highest number of workers abroad was reached in 1973, when there were about 860,000 along with about 250,000 family members. Also at about that time, certain economic difficulties arose in some Western European countries, which resulted in a total cessation of hiring Yugoslavs. Many remained without work at that time.

On the other hand, analyses made in Yugoslavia have shown that many specialists whose skills are in short supply domestically have gone abroad, that among the migrants 40.2 percent had jobs in the country before departure, and that the schooling of those employed abroad was better than the average specialized training of the overall Yugoslav population. The ones who have returned have been the ones generally who have difficulty finding work at home, while the qualified ones with specialized training have remained, problems have accumulated and the danger of alienation has appeared. For all these reasons, it would be worthwhile to give social direction to migratory trends.

The turning point in Yugoslav migration policy came in the Resolutions of the LCY Presidium and the Yugoslav Presidium on the Problems of Employing Yugoslav Citizens Abroad, dated 5 February 1973. In other words, those resolutions meant that a more comprehensive and responsible influence was to be exerted on all stages of the migration process, from initial employment abroad, social support abroad, schooling and social security to eventual return home. Thereafter, the Social Agreement on the Employment of Yugoslav Citizens Domestically was born, which obliged all economic and sociopolitical entities in the country, from the labor organizations to the Federation itself, to prepare their own programs of measures and actions for the return and employment of returnees.

Sets of measures for returnees, as the programs and actions were popularly called, had to be prepared by opstinas as well. Unfortunately, they did not give great results. Primarily, many opstinas were deaf to the need and simply did not prepare any such measures. There were all sorts of reasons. In some places the opstina officials lived in the belief that such programs were unnecessary, while elsewhere there were those who claimed to have nothing to offer because they were poor. To that we would add that in Croatia, and this could be extended to all of Yugoslavia, a relatively small number of labor organizations included in their development plans the employment of returnees and the utilization of their foreign exchange savings.

The Plan Rainbow

Analyses state that the largest number of returnees decided to open little cafes or to drive trucks, even though there probably is not a single place of any size in the republic that does not feel the need for craft shops in so-called "deficit occupations," or more precisely, service activities. Many places are lacking tailors, carpenters and plumbers. We should, however, ask

how much the opstinas, local communities and others are really to blame that the returnees decided as a group to open little cafes. To be specific, the plan of tax and other inducements for opening craft shops represents a broad spectrum. In some places the prospective taxpayer is completely exempted from taxes for the first year, while elsewhere everything is set at 10, 20 or more percent reduction and in some opstinas everything depends on the type of craft shop involved. Yet it would be a great incentive for returnees if they could obtain suitable business premises more easily and could readily obtain all the necessary documents, for which often they have to wait a year and more. Sometimes that is a bureaucratic procedure that is so long that individuals refrain from investing and follow the hot trail back abroad. Naturally, no comment is necessary.

The concept of small business is still foreign to some opstinas, while elsewhere they equate it with handicrafts or trade workshops. Since concrete programs are lacking that certain opstina agencies should be considering, it occurs that the entire policy toward returnees is conducted at opstina services counters where often people sit who have no broader social interests in or understanding of small business. Along with the opstina, organizations of associated labor have also retarded activity while especially now they should be devoting much greater attention to small business to promote stabilization. They should be suggesting what they need and what they do not need.

[Inset] The bureaucratic procedure involved in obtaining all sorts of permits for productive investments of foreign exchange savings has driven many "Gastarbeiters" back into foreign countries.

Jobs by Foreign Exchange

The labor organizations are not showing even token interest for returnees who would like to get jobs by loaning their foreign exchange resources. We would remind the reader that it all began in Arzan not far from Imotsko, where in 1975 the "Pionirka" knitting plant began operations after being built with the savings of Yugoslav citizens abroad. Since then in Croatia and elsewhere in Yugoslavia, several dozen such and similar plants and factories have been built, many of them like "Hiposo" at Muta on the Drava functioning excellently. Despite that, labor organizations or returnees show up bashfully with such requests. True, "purchasing jobs" with foreign exchange loans has found some opponents. The question is raised as to whether all of that is not an unsocialist manifestation. Do our Constitution and Law on Associated Labor allow for such behavior?

Although here in Yugoslavia several thousand returnees have been employed in that manner, Dusan Knezevic, deputy president of the Federal Committee for Labor, Health and Social Security, was obliged to address that subject again last month. According to his words, the Yugoslav Constitution and the Law on Associated Labor permit the accumulation of capital from citizens in order to obtain employment. The only obligation is that the capital be returned within a set time period with appropriate interest, or that the citizens who invest their money in this way accept other arrangements such as establishing employment without a competitive hiring practice or official publication of the opening.

The Constitution and the Law on Associated Labor also anticipate that the basic condition for accumulating capital with the intention of implementing such a policy is that in this manner it is possible to assure expansion of the material basis of labor and create greater employment possibilities. Both the Constitution and the Law on Associated Labor, explains Dusan Knezevic, clearly indicate how to establish contractual organizations of associated labor, and there are no legal obstacles to doing so. That means that the labor organizations and the returnees are free to act, for obtaining a position by loaning foreign exchange is a regular occurrence.

Optimism in Skopje

At the Skopje "Agriculture Bank" they did not spend a great deal of time thinking over the question as to whether what they were doing was socialist or not. They believed that it was good and useful, and they acted. So far several dozen returnees have been accommodated. The calculations are very simple. The returnees deposit 200,000 to 400,000 dinars in the bank, loan it for 5 years at 7.5 percent, and in return they receive everything on a platter: a free project for a "mini-farm," a fruit orchard and vegetable plot with guaranteed cooperative help, or even a job in some factory or contract organization!

By opening new plants and expanding production the bank thereafter increases the money by 50 or 100 percent, and cedes it to the organization that has employed the returnee. Instead of foreign exchange, the returnee can bring in a suitable machine, which he transfers to the labor organization where he will work. The procedure then is the same as with the money!

By pooling the work and capital of returnees, banks and basic organizations of associated labor, last year there were 86, and so far this year 75, jobs provided to returnees who tired of working abroad. Through the bank, by the end of this year several more dozen returnees will be employed in all parts of Macedonia, the great majority of them on their own land with plantations and mini-farms. At the Agriculture Bank they have long since perceived that they must expand their activities, so the returnees can very quickly obtain apartments as well, while the bankers have influence in some opstinas where they no longer have to wait long for "papers" that are necessary for opening service or craft workshops.

Stimulative Measures

What can the returnee expect from the "Plan for Yugoslav Social Development 1981-1985?" In that period there will be wide socioeconomic and economic activity on a basis that would reduce the number of Yugoslavs engaged in temporary work abroad. Among other things, the plan states that "stimulative measures of tax and credit policy and other economic policy measures of the sociopolitical community will affect the productive employment of workers who return from temporary work abroad and other working people who are interested in personal work with the capital of citizens, and republics and autonomous provinces shall see to the establishment of contracting organizations of associated labor and other forms of operations in small businesses.

All of this clearly says that the returnees can certainly aid the more rapid development of certain economic activities while at the same time they are making useful investments of their savings. For all of this we need concrete, well conceived projects. Great possibilities are also offered by agriculture. Precisely, we should not let it slip from our minds that among those employed abroad, 56.6 percent were individual farmers. The social development plan to 1985 promises to create the conditions for more rapid development of production on individual farms by broader inclusion of their efforts into socially organized production with various forms of pooling labor, capital and land, as well as strengthening of the income motivation of individual producers to bring increased production.

By 1985 the conditions will be created for opening about 740,000 new jobs. Together with the natural attrition of those employed in permanent positions, that should make it possible to employ about 1,440,000 people, of which 1,340,000 would be working in the public sector. Thus it is anticipated that by 1985 the public sector will employ a total of about 6.4 million workers and the number of unemployed will be reduced in relative terms. Can, however, those nice sentences from the Plan encourage our countrymen who are worrying about whether they will remain without employment in the world? What else should be done to increase the relatively modest contributions of foreign migrants to the socioeconomic development of Croatia, and thereby to the entire country?

Savings for the Wrong Things

An analysis of the Center for Studying Migration in Zagreb, done by Ivica Nejasmic, says that the capital earned abroad is mostly used for improving the living standard of the migrant and his household. The money is spent to improve housing conditions. Since everything is accompanied by social passivity, productive involvement of foreign exchange savings has not become a very significant factor in including foreign migrants into the economic development of Croatia. Use of savings in economic activities is of little importance, and there is also little use of foreign exchange for improving individual agricultural production. Only every seventh returnee household has used significant foreign exchange sums to advance agricultural production.

All of this takes place in part because our countrymen are still not sufficiently informed about what Yugoslav society makes possible for them. Yugoslav clubs, or places of gathering, are still not well tied to labor organizations, local communities and opstinas in the country. The returning streams of migrants in some areas develop in an elemental manner. The returnees are left to themselves.

No possibilities are found for activating their foreign exchange savings. The opstinas lack plans for developing trades and particularly service occupations. Customs and tax regulations are still "against" the returnees. More stable economic and social conditions for economic activities should be created for potential farmers, such as guaranteed prices and assured purchase, and comprehensive health and retirement insurance.

We should show flexibility when degrees earned abroad are in question. It is more important that someone know how to do the job than that he have that cursed paper. It is essential to continue to support the action of "from foreign exchange savings to a job." That capital is not, however, by itself sufficient to build some sort of plant, it must be combined with funds from banks, organizations of associated labor, funds for the development of insufficiently developed sections of republics and provinces and resources obtained through foreign credits.

The economic crisis in Western Europe behooves us to make programs and actions for the return of migrants more resolutely, more quickly and more purposefully.

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